

The American Labor Legislation Review

Editor: JOHN B. ANDREWS

Associate Editors: CORNELIUS COCHRANE, LOUISE Y. GOTTSCHALL, WINTHROP D. LANE

VOL. XIX

MARCH, 1929

No. 1

CONTENTS

	PAGE
"Let Mr. Hoover Do It"	3
Legislative Notes	5
Workmen's Accident Compensation:	
North Carolina Adopts Workmen's Compensation	13
Advantages of Workmen's Compensation to the Employer	ROBERT H. TUCKER 15
Accidents in North Carolina	HARRY M. CASSIDY 22
Southern Responsibility	FRANK L. McVEY 24
How North Carolina Would Gain from Workmen's Compensation	CALVIN B. HOOV 25
Why Arkansas Needs Accident Compensation	W. A. ROOKSBERY 27
Experience—and the South	WALTON H. HAMILTON 32
Industrialization of the South	ABRAHAM BERGLUND 33
North Carolina Governor Urges Enactment of Workmen's Compensation Law	40
Southern Labor Awaits Compensation	ALFRED HOFFMANN 41
Why Accident Compensation Benefits Industry	JACKSON JOHNSON 42
Victory for Vocational Retraining of Cripples in the District of Columbia!	44
Poor Old Missouri	47
Workmen's Compensation and the Family	BAILEY B. BURRITT 48
Compensate ALL Occupational Diseases	49
Administration of Labor Laws:	
Labor Law and Reason	THOMAS I. PARKINSON 50
Administrative Regulation Upheld	53
Old Age Pension Legislation	74
Governor Roosevelt of New York Sends Special Message to the Legislature on Provision for Old Age	54
Old Age Pensions in America	MURRAY W. LATIMER 55
Justice for the "Veterans of Toil"	67
California Rescuing Her Aged	68
A. I. C. P. Approves	75
Old Age Pensions in Montana	77
Old Age Pensions in Canada Prevent Waste	78
Old Age Pensions in Alaska	79

(Continued on following page.)

The AMERICAN LABOR LEGISLATION REVIEW is published quarterly by the American Association for Labor Legislation, 131 East 23rd St., New York, N. Y. The price is \$1 a single copy, or \$3 a year in advance. Annual subscription includes individual membership in the Association. Entered as second-class matter February 20, 1911, at the post office at New York, N. Y., under the Act of August 24, 1912. Acceptance for mailing at special rate of postage provided for in Section 1103, Act of October 3, 1917, authorized on July 13, 1918.

CONTENTS

(Continued from preceding page.)

	PAGE
Stabilizing Employment:	
"Willing—But Unhelped"	WHITING WILLIAMS 80
Unemployment—The Price of Progress or the Sign of Decay	SAM A. LEWISOHN 81
A Smoke Screen Pierced	88
Public Work as a Prosperity Reserve	FRANK G. DICKINSON 89
A Decision in the Light of Fact	HERMAN OLIPHANT 95
Germany's New Unemployment Insurance	MOLLIE RAY CARROLL 97
Employment Agency Abuses are Prevalent	105
No Basis for Belief in Technological Unemployment	MAGNUS W. ALEXANDER 106
The Passing of the Jones Bill	OTTO T. MALLERY 110
Unemployment in Canada	TOM MOORE 112
 Coal Mine Safety:	
Again Four Mine Explosions	115
Rock Dusting Must be Thoroughly Done	116
Roll of Honor of Coal Companies Using Rock Dust to Prevent Coal Dust Explosions	117
Hoover's Director of Mines Talks	118
 Miscellaneous:	
Needless Noise Nuisances	46
Coming Conferences	128
Report of Work	119
Annual Business Meeting	121
 International Labor Legislation	124
 Book Reviews and Notes	126
 Illustrations:	
Pedal Difficulties	21
Map of States Cooperating in Vocational Rehabilitation of Cripples	45
There's No Place Like Home	69
"The Great Divide"	77
The Food Administrator	96
The New Engineer is Already at Work	111

"The absurd contradiction between the enforced idleness of machines and workers that could provide plenty for all the people if they were kept going, and millions of human beings who would have sufficient if the idle machines and men were to get busy in providing for their wants—is a grave reproach to our industrial system and our economic civilization. It constitutes the sharpest challenge that has ever been hurled at industrial statesmanship."—*John A. Ryan.*

'Let Mr. Hoover Do It'

OUR readers will recall that the Jones "prosperity reserve" bill was by unanimous vote favorably reported to the United States Senate, after public hearing by the Committee on Commerce, in the spring of 1928.

This was a modest measure to commit the Federal government to the long range planning of public works as an aid in stabilizing employment—for some years an outstanding feature of our Association's legislative program.

In last September's issue of this REVIEW we predicted that this bill would "test post-election interest." On January 7, 1929, Senator King in raising the one needed objection to have the bill set aside, said: "We had better postpone action on this measure for about a year, when hard times will come"!

Meanwhile, came a movement that temporarily eclipsed other efforts to come to grips with unemployment. Governor Brewster of Maine before the Conference of Governors, at New Orleans on November 21—aided by William T. Foster, who has a book on the subject—unfolded to the assembled state executives an ambitious program **"at the request of Herbert Hoover as an authorized exposition of a portion of his program for stabilizing prosperity."**

This included a notable proposal to set aside a **"three billion dollar reserve fund"** to prevent unemployment. "Follow the flow of those three billions," exclaimed Brewster. "It goes like the house that Jack built and unemployment is at an end"!

Instantly editorials were published, cartoons were drawn, and the plan received widespread publicity. These were evidence of the good faith in which the proposal was received. President-elect Hoover, by his prolonged silence since then, has apparently committed himself to all that Brewster and Foster said—including the **"three billion dollar reserve fund."**

What has been the effect?

It is well known that the volume of public work by cities and states is about eight times that of the Federal government. Most of the state legislatures were meeting early in 1929—not again until 1931—and during these sessions some definite action might have been expected concerning unemployment. But the very

governors who received Mr. Hoover's message at their own conference declared "We should await the plan of the President-elect."

Easy procrastination was not limited to governors. The Mayor of Baltimore, in July 1928, had appointed a Committee on Unemployment. This body was to study and report on measures *Baltimore itself* could take to relieve unemployment. An excellent representative committee, it included among others a prominent business man, a qualified economist, and an able representative of labor. After some months this special committee reported back to the Mayor that Baltimore has unemployment continuously, that such maladjustments produce vicious effects on individuals and families, and that the time has come for Baltimore to establish permanent machinery to deal with unemployment just as the health department deals persistently with disease.

But, meanwhile, the newspapers had been full of the "three-billion-dollar-reserve fund" sponsored by the President-elect. With a complacent smile, therefore, the Mayor of Baltimore, listening to the report of his own committee, placed the whole matter on the lap of the President-elect. In effect, he said, "Let Mr. Hoover do it."

In view of the wide-spread publicity and its effects during the past few months, during which consent has appeared manifest by his prolonged silence, it would, of course, be as unfair for President Hoover to deny these commitments as it would be for friends of his at some later date to attempt to excuse inaction on the plea, already heard, that "No legislation on the subject is needed now that Mr. Hoover is President."

We need a permanent policy of long range planning of public works. The new administration is under obligations to establish it securely in the law of the land. The special session of Congress opening in April, related directly to the maintenance of prosperity, is an appropriate occasion for the prompt passage of this legislation.

JOHN B. ANDREWS, *Secretary*,
American Association for Labor Legislation

Legislative Notes

WRITING from Kentucky the editor of *Mountain Life and Work* says: "Last year a mechanic friend of mine motored up to Maine—where he spends his vacations—in a 1913 Ford. This year he went in a 1928 model, not because the old one would not make the trip, but because he did not like to drive through the towns of the East and have people stare and jeer at him as if he were some Methusalah on an antediluvian float. Isn't it strange that while automobiles of the 1913 model attract so much attention, ideas of the 1903 model pass unnoticed?"



THE fifty-sixth meeting of the **National Conference of Social Work** will be held in San Francisco, June 26 to July 3, in connection with thirty kindred organizations.



IN order to find out whether certain insurance companies have actually advised employers whom they insure not to employ **men over fifty** years of age a resolution—introduced in Massachusetts on January 15—provides for an investigation of the subject by the attorney general. A report, together with legislative recommendations, is required by March 15.



THE sixth annual meeting of the **Catholic Conference on Industrial Problems**, held during the past summer, recommended a system of federal, state and municipal employment bureaus, unemployment insurance, a program of public works, a family wage and the withholding of credit by bankers from industries detrimental to the country, in order to combat unemployment.



ALBERT C. ALLEN, vice-president of the United Cigar Stores, estimates that over \$40,000,000 worth of small package merchandise will be sold automatically in 1929.



IN the recent death of **Joseph H. Defrees** the community lost a truly public-spirited citizen. Mr. Defrees was a member of several economic, legal and business associations, served on the President's Conference on Unemployment in 1921, and was a valued member of the American Association for Labor Legislation for many years.

THE February, 1929, issue of *The Family* is in honor of **Mary E. Richmond**, pioneer of family case work and the inspiration of case workers the world over.



THE American Management Association has just published a twenty-four page pamphlet on "**Financial Aspects of Industrial Pensions**," by Bryce M. Stewart.



AMONG callers at the national headquarters of the American Association for Labor Legislation during the past quarter was **Dr. Wolfgang Krüger**, Vereinigung der Deutschen Arbeit-Geberverbände, Berlin.



Sam A. Lewisohn, president of the American Association for Labor Legislation, 1927-1928, delivered an address at a meeting of the American Committee of the Geneva Institute of International Relations last year on "Employers' Responsibility for Industrial Peace."



JUDGE WILLIAM C. COLEMAN in the United States District Court at Baltimore upheld the constitutionality of the federal **Longshoremen's and Harbor Workers' Compensation Act** in a decision handed down on January 2. The case arose as a result of the death of Alonzo Kimbel, a repairman who was injured while at work on board a vessel. Deputy Commissioner Lindley Clark awarded compensation and the employer, the Obrecht-Lynch Corporation, appealed. The decision sustaining the award again affirms the constitutionality of the Act which was previously upheld in the case of *Chernik v. Clyde Steamship Company*.



AFTER being sworn in on January 14 as industrial commissioner of New York State Miss Frances Perkins stated: "**I regard the labor department as a service organization as well as a police organization**, and I want to develop that service-giving faculty so that workmen, employers, industrialists and others who are an integral part of our great industrial life in this state will get impartial advice, assistance and leadership from the department."



A SYSTEM of **federal employment agencies** would do for labor what the Federal Reserve Board does for financial institutions, said Bryce M. Stewart, former director of the Canadian system of employment exchanges before the Senate committee on education and labor, on December 10. About 400,000 placements are made each year by the Canadian Employment Exchange; information gained through this system is valuable as a basis upon which to formulate an immigration policy and helps to eliminate the problem of the "floating" worker. A similar system could be built up in the United States at an estimated cost of \$5,000,000 annually, said Mr. Stewart.

AN important bill pending in the New Mexico legislature seeks to establish a **state labor and industrial commissioner** to collect and disseminate labor information, inspect industrial plants, enforce labor laws not already administered by some other department and create a public employment office. Only three or four other states are still without such machinery for administration of their labor laws.



A **BILL** introduced in the House of Representatives by Mr. Zihlman of Maryland regulates the use of spray-painting compressed-air machines. The bill applies to **spray-painting** devices operated by all interstate common carriers, officers and employees of the United States, persons within any territory of the United States or the District of Columbia, and contractors working on federal projects. The operation of such a device by all persons under eighteen years of age is prohibited and those permitted to use such machines are limited to an eight-hour day, with a ten minute intermission hourly. Thorough physical examinations before operating these devices are required, also periodic examinations every three months. A breathing apparatus supplying pure fresh air must be used and an exhaust-ventilation system is required for all indoor work of this kind.



SPEAKING before the Senate committee on education and labor, Ethelbert Stewart, United States Commissioner of Labor Statistics, stated that **unemployment is a federal problem**, the solution of which cannot be effectively undertaken by the states. "Only a census of the number of unemployed and unemployable," said Mr. Stewart, "will furnish the data necessary to determine whether or not the surplus in many industries is being absorbed—a problem of increasing seriousness."



As an initiative in the campaign to have workers engaged in the hazardous **construction work on Boulder Dam** surrounded by all possible safeguards, Will J. French, Chairman of the California Industrial Accident Commission, wrote Dr. Elwood Mead, United States Commissioner of Reclamation, "The California Industrial Accident Commission wants to cooperate with the Federal Government, and all the governments of other states interested in Boulder Dam, so that from the first minute work starts and right up to the completion of the great enterprise it will be the collective aim to **prevent death or injury** to the thousands of men who will be employed in the processes of construction."



A **BILL** before the Michigan legislature seeks to regulate the operation of **private employment agencies**. The bill provides for the refusal of license if the applicant, in the opinion of the department of labor offi-

cials, is not of a fit character; it makes splitting of fees by employment agency proprietors and factory employment agents a felony; gives labor inspectors the right of entry into employment agencies; specifies that positions obtained must be permanent, permanent being defined as of not less than ninety days duration; requires that agency advertisements state whether or not labor troubles exist at the place of the proposed position. In the opinion of Eugene Brock, commissioner of the department of labor, the passage of this bill is needed to remedy the abuses practiced by private employment agents.



Sir Thomas Oliver, Newcastle-upon-Tyne, an international authority on occupational diseases, and long an honorary member of the American Association for Labor Legislation, has published an address delivered recently at Budapest on "The Influence of Industrial Poisons."



"THE old myth that building activity must be governed by the thermometer has been discarded by competent contractors and builders," said B. H. Wait, chairman of the committee on winter construction of the New York Building Congress. "**Seasonal idleness** exerts a tremendous influence on business conditions. The annual depression in the building trades affects all business adversely. Last winter one million American workmen were laid off and three-quarters of a billion dollars kept out of circulation because of seasonal idleness. Thus, one of the major ills of our economic system flourished. The New York Building Congress has found that fact and experience point to the economic soundness of winter construction."



AN amendment introduced by Senator Wagner on January 16 provides that an **enumeration of the employed**, unemployed and the unemployed seeking employment be taken at the time of the decennial census. The bill instructs the director of the census to tabulate and publish the results of the inquiry.



"ONE of the wisest provisions in the Constitutional Amendment relating to safety engineering and accident prevention in this state," said Emil Watson, consulting actuary and formerly chief actuary of the Ohio state fund for workmen's accident insurance, in a recent address before the All-Ohio Safety Congress on the subject of *accident prevention*, is the statutory provision whereby one per cent of the premium of the fund, that is, the **Ohio Workmen's Compensation Fund**, is set aside as an appropriation for the administrative expense of the Department of Safety and Hygiene, thereby making this work no longer dependent upon legislative appropriation. To my mind this is the most secure guarantee for the future of this all-important work."

"WHAT the state needs is a new law, embodying the best features of compensation in the light of the experience of other states, with a state fund and a commission as the keynotes of the arch of an **enlightened compensation policy**. The experience of states which underwrite all their compensation insurance through the medium of a state fund has been that the system works out better both for the workers and their employers."—*Providence (R. I.) News*.



THE Russell Sage Foundation Library has published a four-page bibliography on **industrial pensions** to supplement its bibliography on the subject issued in 1919.



IN a radio talk Dr. Julius Klein of the Department of Commerce stated that in the United States since 1920 factories have **decreased their employees** by more than 900,000, and railroads by 240,000. Productivity per man increased 172 per cent in 11 years in the automobile industry, 83 per cent in rubber manufacturing and 61 per cent in cement making.



THE Fourteenth Annual Report of the **New York State Insurance Fund** again records substantial progress during 1927. The volume of new business written for the year amounted to more than \$1,500,000 and earned premiums have more than doubled since 1923. Over 21,000 New York employers are insured with the Fund which now writes more compensation insurance than any other carrier located in New York writes in all states combined. Savings to policy holders by discounts and dividends in 1927 exceeded \$2,000,000. The strength of the Fund is shown in its admitted assets—over \$14,500,000 with loss reserves exceeding \$8,700,000.



"THE experience of practically all European countries shows that private labor exchanges do not meet the problem" reads a study of the United States Bureau of Labor Statistics. "The individual or commercial exchanges charging a fee are apt to take advantage of the distressed conditions of the unemployed by charging unduly large fees, or by entering into collusion with dishonest small employers, usually in unskilled occupations, for the purpose of splitting the fees and applying a "chain" method, that is, men are taken on and soon discharged, new men are taken on and again soon discharged. * * * The **inadequacy of the private labor exchanges**, as above indicated, has led almost all European countries to establish public labor exchanges—community or municipal, provincial and state. These are usually in a national system, which permits the coordination of the several units into one centralized system, according to the standards suggested at the first

International Labor Conference at Washington in 1919 and expressed in Article II. of the treaty draft * * * Twenty-three countries at the present moment have followed the above policy."



THE legislature of North Carolina is considering the creation of a **mine inspection** service under the commission of labor and printing.



THE third section of the report of Professor Lindsay Rogers, commissioner under the Moreland Act who is investigating the **administration of the New York Department of Labor and the workmen's compensation act**, severely criticises the professional ethics of physicians engaged in handling compensation cases. Bribing and "reciprocal back scratching" are very prevalent, according to the report. Moreover, it is stated that competent physicians are driven from the handling of this business because the insurance companies engage the cheapest possible medical aid. The report recommends increased salaries for physicians employed by the Department of Labor and the barring of doctors employed by insurance companies and employers from examination of claimants by state doctors.



A BILL before the New York legislature provides that every employee in the service of the state be **entitled to one day of rest in seven**.



AN article in *The Brewery Workers' Journal* states that a combine for cutting and harvesting wheat, used in Kansas, Texas, Oklahoma, and other wheat areas, **reduces the amount of labor** for harvesting 400 acres from 120 days of man labor to 30.



ONE of the principal causes of blindness in America are the **eye hazards** of certain industrial occupations. According to a declaration of the National Society for the Prevention of Blindness, about 15 per cent of the 100,000 blind men and women in the United States have been blinded in industry.



IN conducting a survey to locate employers in the District of Columbia who have not complied with the **new workmen's compensation law**, Deputy Commissioner Robert J. Hoage has secured the cooperation of the Washington police department. A total of 12,928 certificates of compliance have already been issued and it is estimated that the number will exceed 15,000.

A BILL introduced in Massachusetts provides for the gathering and compilation of statistics as a basis of indices of the volume of employment and payrolls. The success of the **public works program** sponsored by President-elect Hoover, said Assemblyman Shattuck at the time of filing this bill, will depend upon accurate forecasts of business and economic conditions, which necessitates cooperation between federal, state and local governments. Current information of the number of persons willing to work but unable to find work is also required, and the best way to deal with this phase of the problem is through a federal employment system cooperating with state and local governments and private agencies.



ACCORDING to the second annual report of the Arizona Industrial Commission approximately 40,000 **workmen's compensation** claims have been handled in the last two and one-half years for which more than \$2,000,000 were allowed. The report states that 75 per cent of the claimants would have received no compensation prior to the enactment of the present law. The detailed financial statement of the state fund included in the report asserts that the rates charged are 25 per cent lower than stock company rates in New York where the benefits provided are not as high as those paid in Arizona.



A LARGE Eastern manufacturer of adding and check-writing machinery is reported to have placed his 600 employees on a five-day week without reducing wages. It is believed that the longer recreation period will produce more efficient workers.



JAMES LOREE, vice-president and general manager of the Delaware and Hudson Railroad, told the Senate committee investigating unemployment, on December 18, that **employment stabilization** is a "money-saver" and that employers who do not recognize this fact will face losses through resultant lowered morale. The company's stabilization policy includes a five-year budget program; an elastic work-day of from eight to ten hours; the movement of non-revenue freight during dull periods; insurance against sickness, accident and dismissal; and life insurance, which is given to each employee and is gradually increased to an amount equalling the employee's annual salary, the company paying the premiums. "We have discharged only fifty men in the last six years and they were young men," said Mr. Loree. "Stabilize employment and we will have no old men out of work."



"UNLESS we control machinery and its tendency to overproduction, it may give us too much leisure altogether, in the unpleasant form of **unemployment** * * *. We must watch this spread of machinery, or it will fill the market with goods, and empty the market of buyers."—*James J. Davis, Secretary of Labor.*

"FROM every point of view **compensation laws** have made good. They are good for the workers, good for the employers, and they tend to reduce the number of accidents, for they afford an incentive to provide safeguards."—*The Milwaukee Leader*.



A **BILL** amending the labor law to provide for **one day of rest in seven** for motion picture operators has been introduced in the New York Senate.



THE South Carolina legislature is considering a bill requiring that textile manufacturers give thirty days' notice of a **shut-down**, and pay half wages during the shut-down unless same is "due to accident or act of God."



OPPOSITION to the Association for Labor Legislation's campaign for **accident compensation** has come in recent years in especially intemperate form from certain representatives of the Seamen's International Union. Suits for damages in accident cases have appealed to these representatives as more attractive than awards by compensation commissions. On February 15, as a result of New York Supreme Court inquiry, names were made public of certain lawyers against whom charges had been filed of unethical conduct in "ambulance chasing." Heading the list was "Silas Blake Axtell," counsel for the Seamen's International Union. The Bar Association is now interested.



"THE largest piece of ivory in the world has been found in Alaska and is on its way to Washington without being elected."—*Sumter (S. C.) Item*.



RECENT additions to the staff of the American Association for Labor Legislation are Winthrop D. Lane, and Katharine Woolf, Vassar College, B. A., University of Chicago, A. M., 1928.



At the New Orleans convention of the American Federation of Labor it was estimated that 250,000 trade union workers now enjoy the **five-day week**.



"INDUSTRIAL developments and the growing efficiency of labor suggest a further shortening of hours and a five-day week in certain industries."—*The Federal Council of Churches*.



THE Pennsylvania Department of Labor and Industry recently reported that **every sixth fourteen and fifteen year old child leaves school to become a wage-earner**. Seventy-seven per cent of these children work more than eight hours a day and fifty-four per cent work more than forty-eight hours a week.

North Carolina Adopts Workmen's Compensation!

MONTHS of preparation, preliminary conferences, compromise agreements, public hearings and strenuous legislative sessions have at last placed upon the statute books of North Carolina a carefully considered and reasonably adequate workmen's compensation law.

The American Association for Labor Legislation, during the past two years, has endeavored to stimulate public discussion of this important subject in North Carolina as well as in the other four non-compensation states. Notable were the Association's special sessions on the "New Industrial South," at the annual meetings in 1927 and 1928. It has likewise continually furnished information, through thousands of letters, circulars and pamphlets, in respect to the purpose and operation of compensation laws in an effort to secure intelligent consideration of the principle, and has cooperated in the preparation of the legislation.

For several months, widespread interest in workmen's compensation has been manifested throughout the state. The lumbering and building interests, facing an increasingly serious industrial accident problem, finally favored the enactment of a reasonable compensation law. The subject was presented by Mr. Cochrane of the staff of the Association for Labor Legislation as one of the principal matters discussed by the State Federation of Labor, at Charlotte last August, at its annual convention, where it adopted a strong endorsement; and again the proposed legislation was discussed by Mr. Andrews, Secretary of the Association, at a public meeting at Greensboro in early December. The Industrial Council, the local association of manufacturers, also, through a representative committee, was meanwhile preparing its bill for introduction.¹

The newly elected Governor, O. Max Gardner, in his message to the General Assembly, urged the adoption of a compensation law which would be "fair to the employee and not oppressive or unjust to the employer."² Two outstanding measures were intro-

¹See "Workmen's Compensation Challenges Somnambulist South," by Cornelius Cochrane. *American Labor Legislation Review*, Vol. XVIII, No. 3, September, 1928, pp. 265, 266.

²See page 40.

duced—the bill of the manufacturers and the bill drafted by the Association for Labor Legislation in cooperation with T. A. Wilson, president of the State Federation of Labor, and with representatives of local social welfare organizations. These two proposals furnished the basis of the compromise which was finally reached after numerous conferences at Raleigh in early February, through a committee of representatives of interested groups including the American Association for Labor Legislation, through Mr Cochrane, and Roswell W. Henninger, the local member of its General Advisory Council.

The agreed bill was unanimously reported with some modifications by the joint committee of the legislature February 14, but opposition tactics of the damage-suit lawyers delayed final action by the legislature until on February 26 it was passed by the Senate with a few amendments. The House adopted the measure on March 6.

The new law, which goes into effect July 1, provides compensation based on 60 per cent of wages with a weekly maximum of \$18, a waiting period of seven days, and a limit of \$5,500 for disability and \$6,000 in case of death. Administration is by a commission of three full-time members appointed by the Governor. Special provision is made for accident prevention.

In Arkansas an agreed bill embodying closely similar standards and developed through much the same process was summarily defeated in the Senate on February 25 by combined opposition of ambulance-chasing lawyers and coal mine operators. The measure is now in process of being revived for further consideration by the legislature. In Florida, effort is being made to secure wide support for a specific proposal before the legislature convenes in early April. South Carolina is the only non-compensation state in legislative session this year which continues to ignore the subject of workmen's compensation.

Now that North Carolina has taken her place among the other progressive states, and with workmen's compensation in Arkansas and Florida a leading issue, South Carolina and Mississippi—the other two laggard states—can ill afford to remain indifferent to the need for this modern accident remedy.

Advantages of Workmen's Compensation to the Employer

BY ROBERT H. TUCKER

Washington and Lee University

(EDITOR'S NOTE: This concise statement by Professor Tucker, first chairman of the Virginia Industrial Commission, administering the accident compensation law, was prepared for a special session on the New Industrial South at the recent annual meeting of the American Association for Labor Legislation.)

SOME years ago the American Association for Labor Legislation began publishing its workmen's compensation maps, showing non-compensation states by dark areas extending chiefly over the south-eastern United States. Those of us identified with the South would point out that workmen's compensation laws were but a natural part of industrial evolution and would emerge in the Southern states when the required conditions arose.

No longer, however, is this excuse valid. The South, though it will probably always remain a leading agricultural section, is now being industrialized at a rapid rate. In my own state of Virginia, for example, the value of all products of manufactures amounted in 1914 to only \$264,039,410. In 1923 the figure stood at \$544,722,767, and in 1925 at \$589,510,860. By 1927, it had risen to \$780,000,000, with every prospect of approximating \$1,000,000,000 by 1930. Although these sums are of little value without interpretation—especially without correction for changes in the purchasing power of the dollar—they indicate how rapid has been development since 1925. This development is being duplicated, even surpassed, in other Southern states.

These figures are symbols of changes that are revolutionizing the social structure of our Southern states and creating new social and industrial problems. One of the most serious of these is the problem of industrial accidents. In Virginia, the annual number of reported industrial accidents has increased by more than 30 per cent in the past four years. Even four years ago, in the country as a whole, we are officially informed, these accidents caused an annual loss of 227,000,000 working days, involving an annual wage loss conservatively estimated

at \$1,022,000,000,¹ and a medical cost of approximately \$232,000,000.

Now the problem of workmen's compensation is primarily a problem of the **distribution of this loss**. Under the older employer's liability system, the burden of the loss was left to rest, with all its crushing force, upon the injured employees and their dependents. Eighty-five out of every hundred persons injured in the course of their employment were read out of court by the application of the common law doctrines; and of the remaining fifteen only seven were, on the average, able to collect for their injuries.

The system caused constant friction between employer and employee, and imposed upon society an intolerable burden—both in the expense of litigation and in the cost of poverty and destitution: the result, from whatever angle viewed, was endless social waste. Poverty, necessity for child and woman labor, and the breaking up of homes followed in the train of industrial accidents and employers were compelled to spend large sums in the litigation of claims.

And so the American states, with only five exceptions,² abolished employer's liability and set up in its place workmen's compensation. This system indemnifies the worker—at least in part—for economic loss sustained through injury arising in the course of employment. It is based upon the principle that losses due to industrial accidents ought to be borne in the main, by the industry concerned, to be counted as a part of the cost of production, paid for ultimately by the consumer.

The advantages of such a system to the community and to the employee are too well understood to require restatement here. Employers, however, have been slow to recognize that their own interests are also promoted by the workmen's compensation principle. Workmen's compensation laws have come in most states only after years of struggle and delay—due in no small part, to the opposition of employers and of damage-suit attorneys. Yet, when the system has once been established employers have been quick to recognize the benefits to them—

¹ "Industrial Accidents in the United States," by Ethelbert Stewart, *The Annals of the American Academy of Political and Social Science*, Vol. CXXIII, January, 1926, p. 3.

² Arkansas, Florida, Mississippi, North Carolina and South Carolina.

selves, as well as to the employees and the community. Experience has shown that the workmen's compensation system brings to employers many advantages not fully appreciated in the beginning.

These advantages are numerous and far-reaching. Aside from humanitarian aspects, the employer, as a member of the community, is naturally concerned with everything affecting the community as a whole. If a community is weakened by poverty and destitution or by reduced productive power following industrial accidents, the employer cannot escape the consequences. He must bear his share of the general loss. The object of workmen's compensation is to provide maintenance for the injured employee during the period of incapacity, and to restore him as quickly as possible to usefulness in the community.

But this is not all. Within the industry the interests of employer and employee are identical. The incapacity of one employee frequently affects the production of a group of a dozen or more employees, of which he is an integral part.

The damage done to equipment and material is also great. Realizing this, the employer must give constant attention to the safety of men and equipment and to the prevention of accidents. The employee likewise realizes that it is to his interest to cooperate, because he receives only a percentage of his wages while he is incapacitated. This joint cooperation undoubtedly results in more steady employment and more constant production.

In recent years the employer has also learned the high cost of labor turnover and the training of new employees. It is to his advantage to have the injured employee restored as quickly as possible to his accustomed place.

Friction and antagonism between employer and employee were engendered by the employers' liability system. Recovery of money could usually be obtained only through damage suit and the intervention of lawyers from the outside, who participated to a large extent in the damages secured. Under these conditions cordial relations were not humanly possible and the employee was rarely able to resume his former position. Workmen's compensation corrects these conditions by eliminating the formal law suit and adjusting automatically the amount,

manner, and duration of the award. **Compensation is a matter of mutual interest in which each side cooperates to see that justice is done.** The employer knows exactly what he must pay; the employee knows exactly what he will receive; both know that the benefits provided will go in full to the injured employee and his dependents, without loss or delay through litigation.

This certainty and exactness of the amount of payment has another important advantage for the employer. The average cost of providing accident compensation in the various industries and classifications can be calculated definitely in advance. It thus becomes, in all but exceptional cases, a fixed indirect expense, regularly added to the price of the product. Under the older system this was impossible.

The certainty of procedure and costs also has the advantage of placing competing employers upon an equal footing. In a given industry all are treated alike. In this respect workmen's compensation, like much other labor legislation, has resulted in raising the plane of competition and placing the just employer in a position in which he cannot be undersold and put out of business by the employer who treats his injured employees less fairly. It also removes the inequalities that must inevitably result when payments are left to the decision of juries.

The greatest single benefit workmen's compensation laws have brought to employers, has come through the stimulus to accident prevention and to organized safety work. It is a striking fact that the safety movement has developed coincidentally with the growth of workmen's compensation laws. These laws emphasize the importance of accident prevention. Most of them encourage the employer in his efforts to promote safety, by establishing the principle of merit-rating in the determination of insurance premiums.

Wage-loss and the cost of medical care are, as already noted, not the only losses connected with industrial accidents. Even greater are losses caused by interference with production and arising from injurious effects on the morale of workers. These are, of course, incalculable, but for the industries of the United States they have been placed by some as high as three billion dollars a year. Everyone now is familiar with the extensive safety organizations established in some industries, and with the remarkable results accomplished in the reduction of accidents. Cooperation and joint effort in

safety work have yielded handsome returns—both in the reduction of accidents and in improved morale and increased production.

There is a direct relation between safety and production. The disturbing effect of an accident is limited to the individual or the immediate area affected. "In fact," says the American Engineering Council in a recent report, "the effects of an accident that are commonly insured against probably constitute no more than a fourth or fifth of the entire economic loss." Further: "the safety movement by furnishing a field for a practical working cooperation on the basis of a genuine mutuality of interest, has been perhaps the most important factor in ushering in the era of better industrial relations which exist today."³

And so it may be said that wherever the employer's liability system has been replaced with workmen's compensation, improved conditions have unfailingly ensued. The result has been to replace injustice with justice; uncertainty with certainty; inequality of competition with equality of competition; friction and antagonism with a wholesome spirit of cooperation.

With a view of ascertaining the attitude of employers themselves, I recently addressed letters to a number of representative employers in Virginia, requesting a frank expression of opinion after their nine years of experience under the Virginia workmen's compensation act. Many of the statements I have just made are based upon the experience and opinions of these employers. Their response to the question whether they would prefer to return to the employers' liability system was unanimously and emphatically: No.

One of these, the president of a large organization having branches in several states, writes as follows:

"When we consider the joint effort of employer and employee to prevent accidents and thus enable steady production and income—and when an accident or injury occurs, the wholesome action of each to help the injured get back on his feet and in the meantime the assurance of practical provision for the family, the whole system is mutually beneficial and no responsible and progressive employer would be willing to return to the old common law system."

Another employer, also the president of a large organization:

"After nine years of experience under the act, I would not go back to the old uncertainties, although the cost in 1927 is much

³ American Engineering Council, *Safety and Production*, pp. 9, 14.

greater than in 1918. In 1918, few injured employees demanded compensation, but in 1928 (due to the thought of the time) every man injured would demand compensation, and in compromises and litigation, the company would probably have to pay out a larger sum than it now pays under the act, and there would be no end of trouble to all concerned."

Still another:

"We see the greatest difference in the spirit of our men since the Virginia law was enacted, and we find ourselves cooperating with our fellow-workmen in obtaining a uniform and reasonable compensation for the lost time and consequent loss of income for temporary or total disability."

Similar expressions might be multiplied indefinitely.

The results of workmen's compensation laws, naturally, have not been perfect. Many of these laws leave much to be desired—both in their provisions and in their administrative features. It is no exaggeration, however, to say that they have fulfilled the hopes of their supporters and brought substantial benefits, not only to the employee and the community, but to the employer as well.

The Southern states are facing today industrial conditions faced by many Northern and Western states a generation ago. The South is still inclined to be individualistic. It has long been politically minded, but it is not yet socially minded. Changes in the social structure are already perceptible: New and unaccustomed social problems are arising, among which none will be more important than the labor problem with all its delicate adjustments and relations. There are many who hope that in meeting these problems, the South is going to put aside the older method of trial and error, avoid the mistakes and unnecessary conflicts of the preceding generation, and build upon the clear experience of the past.



"Employers, quite generally, have fought all attempts to strengthen the occupational disease clauses of workmen's compensation acts, but if justice is to prevail all occupational diseases must be compensable, despite this opposition. Every industry should be willing to bear the expenses of any and all persons suffering physical injury as a result of working in that industry."—*New Haven (Conn.) Times-Union*.

A Cartoonist Sees Labor Inconsistency



—The Raleigh (N. C.) News & Observer

Pedal Difficulties

The backwardness of some of the railroad brotherhoods in accepting the modern idea of accident compensation to replace employers' liability suits for damages, is illustrated in the above cartoon. In North Carolina, and other non-compensation states, even after the local federations of labor have presented compensation bills to their legislatures exempting all injuries in interstate commerce, the railway labor representatives at the state capitols have, along with the "ambulance chasing" lawyers, placed obstacles in the way of the adoption of workmen's compensation desired by other wage-earners.

Accidents in North Carolina

By HARRY M. CASSIDY

Rutgers University

AS men and women are drawn from agricultural or handicraft pursuits into the mechanized activities of industrial civilization, they become exposed to a greatly increased work accident hazard.

Twenty-five or thirty years ago the accident problem was inconsiderable over most parts of the South, for the region was almost wholly agricultural. But today the problem is serious in all of the Southern states—for all have experienced some degree of industrialization. Many of the Piedmont towns are raw and new. But they all have the air belonging to the Pacific coast in its boom days rather than to the old South.

North Carolina has become more industrialized than any other Southern state—and of the five states without workmen's compensation legislation she faces the problem most acutely. Consider the fact that in 1925 North Carolina produced manufactured goods exceeding one billion dollars in value, ranking fifteenth amongst the manufacturing states. Consider, too, that the 182,234 wage earners employed in manufacturing in that year—the greatest number in any Southern state—were exposed to the hazards of manufacturing industry.¹

In addition to the workers in manufacturing, there are many others—not all enumerated in recent census reports. Many of these have been drawn into pursuits incidental to industrialization, in which the accident hazard is severe. To mention a few: construction of factories, of dwelling houses, of public buildings, roads and bridges, electric light and power plants, telephone and street railway systems, and so forth. Since the War work of this kind has been going ahead rapidly, and the state has built upon raw fields the equipment necessary for industrial life. Many workers have been employed in these industries, which are notoriously dangerous. Others have taken employment in rail and road transportation, printing and publishing, repair and maintenance work—

¹ In 1927, according to the preliminary report of the Census of Manufacturers, the state had 205,604 factory wage-earners.

and other activities where occupational risks are greater than in agriculture. It is a conservative estimate that more than 300,000 wage-earners are engaged at present in callings listed in the census under "Manufacturing and Mechanical" and "Transportation." This figure does not include those in trade, personal and domestic service and most branches of public service, some of whom—such as truck-drivers and deliverymen—are subject in more or less degree to the hazards of mechanized employment.²

Between 1920 and 1925 the number of workers employed in manufacturing increased more than 15 per cent. Probably the number of workers in pursuits incidental to industrialization increased even more. For the whole United States there was during these five years a decline in the number of workers engaged in manufacturing. Although more recent census figures are unavailable, observation shows that new factories are springing up all the time and that workers for industrial employments are constantly being drawn from agricultural areas.

Textiles represent the most important manufacturing industry in North Carolina. In view of the dominance of the textile manufacture, of the intrinsically low accident hazard in this industry, and of the paternalistic practices of cotton mill employers—who are reputed to care for incapacitated employees by providing them with free housing, free medical services, and loans to tide over periods of difficulty—it may be urged that North Carolina is getting along very well without a workmen's compensation law.

This contention is ill-founded. There are several reasons why it is not sound. In the first place, almost half of the North Carolina manufacturing workers, besides those engaged in construction, transportation, etc., are employed in industries other than textiles where paternalistic practices are absent or much less common.

Secondly, the accident hazard in textiles, while it need not be large, has actually been higher in recent years, according to the reports of the United States bureau of labor statistics, than in the better conducted steel plants.

²This estimate is based upon the assumption that wage-earners engaged in building construction, road construction, automobile repair work, electric light and telephone maintenance, transportation, etc., have increased in number since 1920, the last year for which definite figures are available for all groups, as rapidly as those in manufacturing.

Finally, the degree of assistance given by textile employers to employees who are in difficulties varies tremendously from mill to mill. Frequently, it is negligible. The most common form of paternalistic practice is company housing, and more than two-thirds of the textile employees of North Carolina are without this.

In any discussion of this subject low wage scales demand attention. It is notorious that the Southern workers are poorly paid even when all allowances are made for low living costs. Workers whose average earnings are no more than \$703 per year—as was true of North Carolina lumber and timber products employees in 1925—are poorly prepared to meet the expenses of industrial accident and to stand the loss of wage income that accident brings in its train.

Southern Responsibility

By FRANK L. McVEY

President, University of Kentucky

UP to 1890 the South was overwhelmingly agricultural. Since that time the development of manufacturing in some of the border states has grown into large proportions.

This has been due to better transportation, enlargement of harbors, utilization of water power and the securing of raw materials, as well as labor supplies, near at hand.

As a consequence, **there is today an industrial South growing rapidly toward a vast industrial organization.**

With such growth comes increasing responsibility to the human elements involved. The South must pass laws giving adequate compensation to working people who are injured—and it must develop an attitude of mind appreciating the interconnections between industry and social growth. Indeed, **only the well protected and well paid laborer can stand the pace of modern production.** There is no doubt that when this view is realized the South will accept the experience of other states as the basis for both progress and legislation.

How North Carolina Would Gain from Workmen's Compensation

BY CALVIN B. HOOVER

Duke University

NORTH CAROLINA is at a disadvantage in competing with other states because she has no workmen's compensation act. Our state department of labor receives many inquiries for copies of the act providing compensation for industrial accidents. When the reply is made that the state has no such law, manufacturers, who have considered locating in North Carolina, either make no reply or say that they have decided not to locate in the state.

It has been shown in terms of dollars and cents that industry is better off under the plan of workmen's compensation than under the arrangement by which expensive law-suits, often culminating in heavy damages, occur to disturb the equanimity and mar the plans of employers. That was the experience under "employer's liability", the system so long in vogue. It is still the experience of five states in this country, because "employers' liability" is still the law there. But forty-three states have learned better. Forty-three states have learned that workmen's compensation benefits the employer as well as the employee. Every year in which North Carolina proceeds without protecting industry by this means is yet another year in which her efficiency is lower than it need be.

Some of the advantages of the workmen's compensation act are:

It reduces chaotic uncertainty to a calculable risk which can be handled as part of the accounting system of a business enterprise; this lowers the number of accidents, reduces their severity and decreases the cost of caring for them. For example, insurance rates are lowered to firms which provide proper safety devices and appliances; and when proper safety devices and appliances are installed, accidents go down. It is sometimes objected to compensation plans that they require employers to supply medical attention to injured workers. But when attention has been centered upon the annual cost of accidents—as it is by compensation laws—employers often go farther than the law compels them to go. They sometimes employ their own doctors and nurses, or at any rate provide fuller and more

immediate medical care. *A little preventive medical care often diminishes the amount spent in the form of compensation.*

A New York manufacturer told me that under the law his compensation costs had been more than \$50,000 a year, but that he thereupon employed a full time doctor and nurse, and then his costs under the law were reduced to a figure lower than \$25,000 a year. Asked point blank, "Would you have the workmen's compensation law repealed in your state if you could?" he replied: "Most certainly not. The law should be carefully drawn, but every state ought to have such a measure."

Fortunate, indeed, it is that legislation so socially desirable does not really constitute an added burden on private industry. But perhaps the most important feature of compensation legislation is its capacity for lessening human misery. By means of such measures the burden upon charitable institutions is lightened. Moreover, the certainty of compensation in case of accident removes one of the blackest fears that assail those who depend from week to week on their wages. The cost of caring for the indigent is great in North Carolina, and here as elsewhere the burden is borne with difficulty. Therefore, we should not pass by the opportunity to improve the lot of the economically unfortunate by removing one of the most important causes of indigency. These are some of the advantages of workmen's compensation.

Experience of forty-three states demonstrates the need for such a law. I am very hopeful that an adequate compensation law will be passed at the 1929 session of the North Carolina legislature.



"COULD anything be more tragic than the **enforced idleness** of several millions of bread winners through no fault of their own. Such spectacles have blackened the nation's economic history in the past—even in the recent past. Never again should they be repeated. It is industry's solemn responsibility to exert itself to the utmost to insure that they will not be repeated."—*B. C. Forbes.*

Why Arkansas Needs Accident Compensation

By W. A. ROOKSBERY

Commissioner of Labor of Arkansas

(EDITOR'S NOTE: To "Arkansas" in the title might well be added "and the other four non-compensation states." Commissioner Rooksbery's paper, presented at the Chicago meeting of the American Association for Labor Legislation, gives a good impression of prospects for accident compensation legislation this year, particularly where, as in North Carolina as well as in Arkansas, conditions are most favorable.)

IT is with a great deal of pleasure that I report to you that Arkansas, my native state, one of the few states without workmen's compensation, is about to enact this legislation.

For many years there has existed, among some of our people, a deplorable lack of interest, and in some cases an active hostility, toward even the discussion of this question. During the past summer, however, several important factors which had been more or less actively opposed, were brought to a new view of the situation. In January, when our representative committee goes before the legislature, it will be with a united front—backing what we believe to be a very satisfactory measure designed to bring the benefits of accident compensation to virtually all of our workers.¹

Employers' Liability Harasses Industry

This is good news for all of you, I am sure, but it is even better news, and news of most vital interest, to all who have a stake in the commonwealth of Arkansas. I say this for the reason that it is not alone our workers who have suffered directly from the lack of enlightened provision for workmen's compensation. Harassed and hampered by the many and various activities of the ambulance-chaser, forced to defend themselves in courts already cluttered with litigation—a procedure costly both to the litigants and to the general public, our industries have suffered in many ways from the lack of workmen's accident compensation.

I made an attempt to gather statistics relative to the instituting

¹ However, the Arkansas Senate killed compensation by 23 to 8, February 25, 1928.

of suits against employers growing out of personal injury cases and cases of death resulting from injuries in course of employment. This survey was made by going to the records of the courts for the years 1925, 1926, 1927 and 1928. Although this study is not completed, we have found that in 14 counties 445 suits have been filed, 67 of which are cases where death resulted from the injury, asking judgments for \$4,103,084.03. We found these suits have been settled for \$415,351.93 which is about ten per cent of the amount sued for. The system of bringing suits for about ten times the amount expected to be collected is general. One naturally desires to know the motive. It is this: If a business concern has an unsettled suit against it for a large sum, the credit of the concern is affected until such suit is settled. It often happens that settlement is made more for the purpose of clearing the dockets of the court, than due to the justness of the claim. With such a system in vogue it cannot be expected that outside capital will come into the state to develop our wonderful natural resources as rapidly as we desire.

It will be noted that the suits referred to have been settled for about ten per cent of the amount asked. When one takes into consideration the fees charged by attorneys—usually 50 per cent of the amount recovered—one has an average amount of less than \$1,000 going to the family of the worker who lost his life. This is about one-fifth of the amount proposed in our compensation law. Under the employers' liability, only a small percentage of the money so expended ever gets to the place where it is really needed—to the family of the injured or deceased worker.

We who have fought for the enactment of workmen's compensation legislation feel that it will eliminate this tremendous waste, make possible genuine relief of distress, save large sums to tax-payers already burdened by unnecessary legal machinery, clarify the atmosphere of the legal profession by reducing the premium placed upon doubtful legal actions, lead to greater ultimate benefits to everyone, reassuring and stabilizing industry in a way which will contribute materially to the great industrial boom for which our state is most confidently preparing.

Industrialization Increases Accidents

To those of you who may not be familiar with actual conditions in our state, there may seem in these phrases a great

deal of what is sometimes termed "blah" or "babbitry," but they are based upon actual conditions. Long numbered among the more backward states, **Arkansas has seemed in recent years, through many fortuitous circumstances, to be laying a foundation broad enough, deep enough, and strong enough adequately to bear one of the most gigantic industrial structures in the South.**

Space will not permit anything but the briefest mention of the more important steps already taken in this work: the development of our hydro-electric power now under headway, the discovery and development of important coal and oil deposits, exploitation of unlimited timber resources, the working out of a highway program, pretentious to a degree which even a few years ago would have seemed visionary and impossible.

Industries which follow in the wake of oil development; gigantic paper mills, feeding upon what is essentially a by-product of our timber; oil and cottonseed mills, converting former waste of our cotton crop into various items of infinitely greater value; textile mills; glass factories; furniture plants; iron foundries and cement mills; all these items, already numbered in our industrial program, emphasize the rapidity with which our state is coming out of an agricultural into an industrial class.

As Arkansas emerges into the ranks of industrial states, we bring with us our full quota of industrial accidents with maimed workers and loss of life. The injured are, at present, at the mercy of the ambulance-chaser, and in a great many instances they are left to take care of themselves as best they can, adding to the burdens of society each day.

According to the reports made to the Department of Labor for the period of July, 1926, to July, 1928, by 1,179 firms employing 44,142 people, 60 workers lost their lives. In addition, 6,736 workers suffered non-fatal accidents during this period, causing a loss from work of 50,754 days. As industry advances under our present system of uncertain settlement of personal injury cases, and with the adoption of no definite safety policy, we may expect these conditions to grow worse, unless our hope for the enactment of a compensation law is realized—and followed by adequate safety regulations.

With the varied undeveloped resources of the state, statistics show that we are producing \$492,302,256 worth of agricultural and manufactured products and exporting \$340,617,471 worth. In turn, figures show we import \$395,222,704 worth of agricultural and manufactured products, indicating that we are spending \$54,605,233 for products in excess of our exports. From these figures it is also seen that we need to grow in an industrial way, for our agricultural progress cannot go forward without better home markets. Our hope lies in industrial growth, and to realize this we must make conditions more inviting for capital. It is our belief that the discredited and outgrown system of treating personal injury cases is one of the main causes preventing greater investment in industrial plants in Arkansas.

This brings forcibly to our minds the extreme, immediate necessity for the accident compensation legislation in which we are interested. The figures on industrial accidents and damage suits which I have given you were based on conditions which prevailed in our state last year and in the several years preceding. It is not hard to visualize the increasingly grave situation which may soon confront all the great developments now under way. It is a graphic picture of this situation which has enabled us to "sell" the various conflicting interests in our state upon the desirability of getting together behind this workmen's compensation program in a way which I believe justifies my prediction of early success.

The Proposed Arkansas Law

The proposed compensation law embodies many of the best features of the various laws now on the statute books of other states. Of particular and especial interest are those features which provide strong incentives for accident prevention. This, after all, is the most valuable principle in workmen's compensation. No form of relief yet devised—indeed, no form of relief that ever should be devised, can give more than a partial compensation. The measure which we hope to enact into law will relieve distress. But more than that, it will place a premium upon safety.

In the case of the employer there will be the highest incentive for the introduction and use of every possible industrial safeguard against accident. This will introduce a new element into Arkansas industrial life, since we now have virtually no safety legislation

except our boiler inspection law, and some of the federal appliance acts relating to the operation of railroads.

The inclusion of state employees in the provisions of our measure will introduce a much needed element into the governmental sphere. This is especially wise at this time, due to the great expansion of our highway activities and the inevitable increase of claims against the state and the state highway department, which have been put to considerable trouble in recent months from this cause.

Assurances of early and favorable action are not based upon any wild or impractical dreams of my own. They are based upon a more completely unified body of thought than any of us would have believed possible a few years or a few months ago. Practical politics in Arkansas is controlled and directed by and through the Democratic party. The general purpose of our citizenship along these practical lines is reflected in the following pronouncement from the Arkansas State Democratic Platform, adopted at Little Rock, in September, 1928:

"The modern trend of thought from an humanitarian as well as an economic standpoint, has resulted in the passage of workmen's compensation laws in forty-three states of the Union, that give protection for the workers as well as to the employers in case of industrial accidents. Therefore, we favor the passage of laws by the legislature that will give adequate protection to the workers and their employers in the industries of this state. We believe the adoption of such a measure will protect the employer and employee alike and assist materially in the industrial development of the state."

With a Democratic Governor, a Democratic Lieutenant-Governor, a Senate composed of thirty-five Democrats and a House composed of ninety-eight Democrats and two Republicans, it should be easily apparent that with a pronouncement of this kind in the most recent party platform and with a measure presented to the legislature as prepared jointly by representatives of large employers and labor organizations, and with the endorsement of practically all large employers and of the State Federation of Labor there is reasonable assurance of success.

It will be an honor and a pleasure when I am able to report to you the actual enactment of this law, and it is an honor and a pleasure of which I am highly confident. Arkansas, after long years of inattention to these important principles, will soon have taken her place with our progressive states.



Experience—And the South

BY WALTON H. HAMILTON

Yale University

CAN the race profit by experience? This question is raised anew by the industrialism coming to the South. Industrialism brought to England problems that were muddled with disastrous consequences; the record is there for all to read. In the north-eastern section of the United States, also, industrialism presented something of the same problems—and was attended by the same serious consequences.

In old England and in New England it was inevitable that the new problems should be seen in terms of old ideas and old arrangements. Only gradually was it discovered that the machine technique was unlike the craft technique, and that corporate business was unlike petty trade.

Little by little a belated accommodation was made to new industrial facts, but the South starts out with the great advantage of a knowledge of what is likely to happen in the wake of a developing and uncontrolled industrialism. The hazards in child labor, in industrial accidents and in unemployment, are well recognized. The devices of protective legislation and of accident compensation have already been contrived. It is understood that the protection of labor is not an imposition upon employers, but an effort in the direction of establishing a plan upon which all may compete.

The real question, then, is whether a new and revolutionary technique is to take its ruthless course in the South as it has done elsewhere—or whether an instrument which makes for increased production can be controlled to the uses of men.

A Significant Appointment

ONE of the first tests of President Hoover's grasp of administrative problems will be his appointment of a member of the United States Employees' Compensation Commission to take office March 12. This commission administers the three federal workmen's compensation laws in which the American Association for Labor Legislation has been particularly interested. The work calls for intimate understanding of the modern principle of compensation law and administration and full appreciation that there must be retained in the hands of the deputy commissioners doing the actual day by day work of making awards for specific disabilities, sufficient administrative power and dignity to attract and hold men of character and ability.

Industrialization of the South

BY ABRAHAM BERGLUND

University of Virginia

WHAT is called industrialization means the growth of those economic activities having to do with the transformation of raw materials, or manufacturing. Extractive operations, whether of agriculture or mining, are strictly speaking excluded from this concept. In popular usage, however, the term is given a more inclusive significance, and is made to embrace all economic activities which are not viewed as agricultural or professional in character. In this popular view mining and transportation—especially railroad transportation—would constitute industrial operations as well as manufacturing. In these forms of economic activity there is under present conditions an advanced capitalistic development. Labor is sharply differentiated from the ownership of the instruments of production, and generally from the purely profit-making interests. As used in this paper the term industrialization will be employed primarily in connection with the growth of manufacture, but not without some reference to other capitalistic developments.

The growing industrialization of the South is part of a general movement which has been transforming the United States from an agricultural country, in the main, into the world's leading manufacturing nation. With extensive areas of fertile land agriculture still remains an important and even dominant form of production. However, a distinguishing feature of our economic development has been a remarkable and relatively rapid growth in the output and value of manufactured products, due in large part to the use of machinery. In other words, our history has been in great measure a record of progressive industrialization.

The Old Agricultural South

This transformation began later in the South than in the North and certain parts of the West. It has also been taking place in a social environment quite different from that which characterizes

these latter regions. In the North, particularly in the New England and the Middle Atlantic States, the factory system in the production of cottons and woolens had become well established by the middle of the nineteenth century, and was spreading to other industries. Manufacturing was already tending toward large-scale operation, serving a general or national market rather than various local ones. In the South, on the other hand, what manufacturing was done up to about 1875 or 1880 was virtually in the handicraft and domestic stages of production. It was mainly a neighborhood affair serving plantation or other local needs. While the craftsmanship displayed was often of a high order the output from a commercial standpoint was inconsequential compared with the great volume of staple agricultural products.

The agriculture which typified the South in the period preceding the Civil War, unlike that prevailing in the North, was a highly specialized form of production devoted in the main to the raising of single crops like cotton, tobacco or rice. These crops were produced on large plantations and constituted a distinctly commercial output. Agriculture on a much smaller scale and more diversified existed in various places throughout the South. But it was confined for the most part to inferior soils and to regions comparatively remote from the main avenues of trade.

Break-Up of Plantation System

The Civil War in putting an end to slavery broke up the plantation system. The farming unit became a relatively small one. It remained, however, highly specialized. The old cotton plantation still continued to produce cotton, but no longer under a single management.

In the ante-bellum days the great planters, with limited numbers from the professional and commercial classes, constituted an aristocracy. Between this aristocracy and the general mass of whites there was a wide gap in the standards of living. After the Civil War a large part of the latter constituted a potential supply of so-called "cheap labor" for industrial operations. A considerable proportion of the smaller farmers and craftsmen had served—directly or indirectly—plantation needs, and this element, as well as the planters themselves, was seriously affected by the break-up

of the plantation. The emancipated negroes for the most part continued to labor on farms, either as share tenants or wage workers. As wage workers, however, they were at first unsuccessful. Later there was a considerable migration of negro labor to manufacturing towns, although the colored worker was generally employed at these places in operations requiring heavy manual effort rather than at machine processess where he would compete with white laborers.

The existence of a large supply of "cheap labor" was unquestionably a factor in movement of several manufacturing industries from the North to the South. There is reason, however, to believe that the importance of this factor has been unduly exaggerated. In such industries as lumbering, the manufacture of cotton oil, refining of petroleum, the production of iron and steel and even the manufacture of cotton cloth the advantages of nearness to the sources of raw materials and of cheap electric power are great and in some instances crucial. And in certain raw material resources the South is rich.

The South may be said to have shown a distinct tendency toward a more industrial civilization about 1880. It was in the decade from 1880 to 1890 that the number of persons employed in manufactures and in trade and transportation first showed a tendency to gain at the expense of those employed in agriculture. Migration from rural to manufacturing centers, at first slow but steadily increasing, was beginning to be a feature of the occupational re-distribution of the people of the Southern States in the closing decades of the nineteenth century.

The South Industrialized

In 1890 in the eleven states which made up the Southern Confederacy of 1861 to 1865, 64.6 per cent of the persons employed in gainful pursuits, according to Census Reports, were engaged in agriculture, animal husbandry and forestry. In 1920 this percentage had been reduced to 51.4. On the other hand, during the same thirty years the percentage of those engaged in manufacturing and mechanical industries had increased from 8.8 to 17.6, or practically doubled. In transportation and trade there was an increase from 8 to 12.6 per cent. In occupations included under the head of professional there was little change till 1910, and then some increase

from 1910 to 1920. In domestic and personal service there was a reduction from 15.6 to 8.2 per cent. This last decline is itself a phase of the industrialization of the South. The demand for workers in manufacturing industries and trade has greatly reduced the available supply of cheap domestic service. Like the North the South is being confronted with a "servant problem."

The rapidity with which this advance in industrialization has taken place during the last four or five decades is perhaps better shown by taking the figures for the value of manufactured products for the eleven states already referred to, and comparing them with those for the country as a whole.

Such a comparison shows that from 1880 to 1925 manufactures in the United States rose in value from about \$5,370,000,000 to approximately \$62,714,000,000. The corresponding rise for our eleven Southern states was from about \$275,000,000 to about \$5,999,000,000. In other words, during the forty-five years indicated the value of manufactured products for the country as a whole increased about 1170 per cent while that for the eleven states which formed the Southern Confederacy increased over 2300 per cent, or about twice as rapidly as for the country in its entirety. Furthermore, this manufacturing development has been a steady growth, and one that has shown a marked tendency to spread over a large number of industries. Unlike the production which characterized the plantation era before the Civil War and which was typified by a few staple commodities, the growth of Southern manufactures has been characterized by a very varied output. Industrial plants, as in the North, are highly specialized, but there is no one or a few products of these plants which can be said to represent the manufactures of this region, as did cotton, tobacco and rice, the agriculture.

It is true that the value of output for the states considered is only a little over ten per cent of the country's total. This percentage, however, is for less than one-fourth the total number of states, for approximately one-fourth the country's area, and for less than one-fourth of its population. Considering how recent this movement has been, this proportion is by no means small. If past progress is any indication of what the future is likely to show, this proportion will continue for a considerable time to be a mounting one with the **not improbable outcome**

that the center of the country's manufacturing operations will eventually be shifted southwards to the Potomac and Ohio Rivers.

In several important lines of manufacture the output of our eleven Southern states constitutes a large fraction of the country's total. In the case of lumber and lumber products this proportion in 1925 was about 40 per cent; in that of refined petroleum, 28 per cent—a percentage which would be materially increased if Oklahoma had been added to our group of states; in the case of cottonseed products, over 80 per cent; and in that of fertilizers, about 60 per cent. It is well known that over half the country's cotton manufacturing is now done in the South. The Census figures for 1925 showed that about 15 per cent of the country's knit goods, about 12 per cent of its furniture, nearly 98 per cent of its turpentine and rosin, and 41 per cent of its cigars and cigarettes were produced in the eleven states mentioned.

The most striking feature therefore of the recent economic history of the South has been its rapid industrialization. This industrialization has not as yet transformed this section of the country from an agricultural area. About half of the gainfully employed population is still engaged in agriculture. However, **industrialization is making great and rapid inroads on a civilization or culture which until recently has been almost entirely associated with agriculture, and an agriculture of a highly specialized type.**

Paternalistic Attitude Persists

Transformations of this character, especially if they are relatively sudden, are likely to be accompanied with more or less social friction. Political and social traditions adapt themselves to new economic conditions rather slowly. Not infrequently they utterly fail to harmonize with the rise of new economic interests, unless they are given a fairly long period for gradual readjustment. Even then, the price of any real adjustment is often a practical abandonment of the earlier traditions.

The old plantation economy was essentially paternalistic in character. The landed proprietor determined the activities of his slaves and to a large extent of his other dependents, and assumed full responsibility for the satisfaction of their needs. Subject to certain social and moral pressure his authority on his estate approx-

imated that of a local despot. More frequently than not he was a kindly despot. However, he brooked little or no governmental interference in the conduct of his business. Neither did he seek or accept advice from his dependents, even when he was most solicitous of their welfare.

This general spirit of paternalistic control, whether in agriculture or in business, was not greatly changed by the Civil War. The slave, of course, was emancipated in the sense that his person was no longer the property of any master. But the tradition of proprietary responsibility for dependents has survived in an environment of free labor with its assertion of rights to self-determination.

Conflict of New Conditions and Old Ideas

It is this survival from a plantation civilization in an environment of rapid industrial expansion that makes the present economic situation of the South interesting and significant. How are the inevitable movements in the direction of increased factory legislation and of greater governmental business regulation going to be met? Will associated efforts on the part of wage-earners looking toward improved conditions of employment be considered in the light of workmen's rights or as an unwarranted assumption of prerogatives belonging solely to employers as the legitimate guardians of their industrial charges? That industrialization everywhere has been accompanied with more or less resistance to movements of this character is true. But the conflicting forces in this industrialization have for the most part been real or supposed economic interests. In the South this conflict tends to be one of opposing cultures as well as of opposing economic interests purely.

In other words, social adjustments to a changing industrial order are in danger of meeting the resistance of economic fundamentalism. We have heard much in recent years about religious fundamentalism, particularly in connection with the passage of anti-evolution laws. There is, however, an economic fundamentalism which is as prejudicial to anything like a scientific attitude of mind as its analogue in the religious world. Like religious fundamentalism it opposes to the needs of a new social order the formulas of the past. It shows itself, for example, in an opposition to child-labor

laws on an old plea that parental authority so far as child experience and training are concerned is supreme and should not be limited. It fights legislative ameliorative measures of all kinds passed in the interest of workers or the general public with the dogmas of individual liberty and property rights.

This economic fundamentalism is being displayed in many places in a stolid resistance to measures providing for insurance against industrial accidents. It emphasizes in a period of large-scale and highly specialized production self-choice and self-determination when individual choice or determination is largely shaped by social causes. When workmen's accident compensation laws are proposed it stresses the old doctrines of assumed risk and contributory negligence under a system in which such doctrines have no applicability. The doctrine of assumed risk can be urged when a prospective worker takes employment in a small shop where the risks involved are easily ascertained. But under the present-day factory system such knowledge is not easily secured, and furthermore, the employee is often a minor factor in the causation of industrial accidents. This fact is being increasingly recognized by business men. Nevertheless, there are still five states in our Union—all of them in the South—without any workmen's compensation laws at all; and only a few states have laws which can be said to approximate present-day needs.

Aside from political and social attitudes the industrial development of the South has already achieved much in the way of public welfare. In spite of all that has been said about certain evils incident to the growth of capitalism there is no evidence that social conditions for the masses have grown worse as a result. In the South industrialization has meant a decided improvement in living conditions for the great bulk of employees. Notwithstanding the low wage rates which prevail in many factory towns the purchasing power of these wages represent a standard of living very appreciably above that prevailing in the rural and mountainous districts from which most of the workers were drawn. The increased production resulting from the economic transformation now taking place in this part of the country has been shared by the laboring population. The changing conditions, however, are of a kind which demand

a similar transformation in the economic and political outlook. In a period of marked industrial changes there is always some lag between the newly developed social order on the one hand and laws and economic theories on the other. The peculiar conditions under which the South flourished for the greater part of its history and the present day problem of readjusting itself to wholly different conditions is making this lag especially conspicuous. At the same time **there is a considerable and growing element in this region of the country which is fully alive to the transformation now taking place; and herein lies the hope of an adjustment which will meet in fair measure at least the demands of the slowly growing democracy of our age.**

North Carolina Governor Urges Enactment of Workmen's Compensation Law

REALIZING that the lack of workmen's compensation legislation is a liability to the state's development, O. Max Gardner, Governor of North Carolina, called upon the legislature to adopt the system. Said Governor Gardner in his inaugural address:

"North Carolina has grown so rapidly in industry during recent years that state is passing through a transition period—changing from an almost wholly agricultural state to a well advanced and almost evenly divided industrial state—and this changed condition suggests the crying need for a fair and just workmen's compensation law, which I believe should be provided by the General Assembly. This would serve the needs of labor in providing a quick, economical and efficient method of adjusting the claims for injuries, loss of time and damages and would relieve the claimants of a large part of the expense and delay incident to court trials, would relieve them of the burden of proving the negligence of the industry, and at the same time would tend to relieve some of the congestion now prevailing on the dockets of our courts. It would also be more satisfactory to industry because it would mean fixed and stated standards for determining compensation and would not leave the question open to the speculative determination of court trial. This law should be fair to the employee and not oppressive or unjust to the employer."

Southern Labor Awaits Compensation

By ALFRED HOFFMAN

Executive Secretary, Piedmont Organizing Council, Durham, N. C.

A LABORER in a Henderson cotton mill stepped on a bare electric wire. He was killed. As North Carolina has no workmen's compensation act, settlement was effected under the old rule of employers' liability. What happened? Six relatives of the deceased worked in the mill; these could have been discharged by the employing concern, had it so wished. Under threat of discharging them, therefore, the lawyers for the mill forced the family to accept the outrageously small settlement of \$1,000, for they could neither fight the case nor afford to lose their jobs. Despite the fact that the chief electrician of the employers told the coroner's jury that he had many times warned the owners to remove the wire, and nothing had ever been done, this settlement was forced. Here is a clear case of injustice.

Such cases happen right along. In Durham a negro was scalded to death while cleaning out a steam vat. A faulty valve was the reason for the occurrence. His dependents, ignorant people, accepted a settlement for \$1,000—another instance of miscarriage of justice.

A suitable workmen's compensation law would be a boon to manufacturers, business men, workingmen and trade unionists. Cases of another sort happen, of course. There are records of judgments handed down for \$20,000, even \$50,000. These are as unjust to employers as some other cases are to employees. North Carolina needs the civilized and economical method of providing compensation for industrial accidents that all but five states now have—Arkansas, Mississippi, North Carolina, South Carolina and Florida. Educators, ministers, business men, employers and labor leaders are advocating it.

At the legislative session the textile manufacturers of North Carolina proposed a workmen's compensation bill, to offset the bill proposed by labor. The manufacturers' bill was very low; it called for \$12 as a maximum of weekly compensation, and \$4,000 was the limit to be paid in case of death. This last sum was to be paid in installments, or, if discounted as a cash payment, \$1,000 was the limit.

Organized labor had to fight this bill, and so the whole effort for workmen's compensation was lost.

Industrialization is so rapid in North Carolina that compensation is needed. With her fine schools and splendid roads, North Carolina ought not to remain behind Alabama, Virginia, Tennessee, Georgia and other states with legislation to this purpose. Manufacturers seeking sites sometimes avoid North Carolina because she has no workmen's compensation law. The new governor, Max O. Gardner, has declared himself as wanting a fair law and says he favors a statute on the model of New York state. Workmen's compensation is not an experiment today. North Carolina need not hesitate to adopt it.

~~~~~

## Why Accident Compensation Benefits Industry

By JACKSON JOHNSON

*Chairman of Board, International Shoe Company*

**A**CCIDENT compensation laws give all injured workers the benefits of being taken care of during the period of recovery with financial remuneration for specific losses due to injury. They also distribute the financial burden in such a way that it can be borne by all.

Accident compensation adequate and fair to an injured employee has long been a problem which industry has sought to solve. It is only within the last few years that there have been laws passed in practically all of the states in the union which have in a measure helped to solve this great problem. The history of compensation laws dates back to 1884 when the first was enacted in Germany. There were, however, some slight efforts by the countries of Continental Europe to bring about a means by which industries should pay compensation to their disabled workers, and on the basis of the risks arising out of the employment before this time, but Germany was the first to enact a definite and concrete law.

Gradually these laws have been developed until in 1908 the United States made its first attempt at such legislation by passing the federal compensation act. This covered only employees doing government construction work, and compensation was not paid longer than one year, nor was it paid where there was any negligence on the part of the employee. In other words compensation for an injury was dependent on their being no contributory negligence on

the part of the employee. This was not a very great step from the old common law, though it was a beginning.

This original federal compensation act has been gradually improved upon by the different states, which have enacted compensation laws, until today they all practically make the risk of the accident one of industry itself, and hence compensation is an element in the cost of production, to be added to the cost of the article and borne by the consuming public.

By thus distributing the cost evenly over the general consumers the great burdens are removed from the specific industrial organizations.

As we understand the compensation laws, there are two factors which stand out. One is to lessen the immediate burden on industries. Under the old Common Law large sums, sometimes ranging into the hundreds of thousands of dollars, were awarded by the courts to single individuals for personal injuries. We do not mean to say that these sums were not, in many cases, deserved, but they were so burdensome that many a flourishing enterprise was literally wiped out. This in itself was unjust. The enactment of compensation laws has made it possible for industry to prosper with the knowledge that these burdens of financial remuneration, on account of injuries to employees, will be distributed evenly over a period of time and payments made in sums adequately to care for the injured and still not bankrupt the industry.

The other factor which is the more difficult to understand has to do with the rehabilitation of the injured worker. Compensation laws should be concerned with providing a means of future livelihood for the disabled employee as well as with taking care of him while he is disabled. The industry should take care of the individual who is injured until he has either learned a new trade or is able to overcome his injury handicap and earn wages equal to or greater than before the injury. When this is done industry should be relieved of further burden.

In addition to all that is done in carrying out the provisions of the compensation laws, every effort must be put forth to prevent accidents. The terrible loss and suffering to humanity because of preventable accidents is very great. The cry should be and is in many of the leading industries, "Prevent accidents and compensation will adjust itself."



## Victory for Vocational Retraining of Cripples in the District of Columbia!

**V**ICTORY crowns the long effort to obtain vocational rehabilitation of cripples in the District of Columbia. From now on persons crippled by industry or otherwise may look to the federal and district governments for help both in recovering from their injuries and in being retrained for remunerative employment.

The Summers bill, vigorously supported by the American Association for Labor Legislation, passed the Senate of the United States on February 9. Since the bill had previously passed the House, the District of Columbia thus takes its place with forty-one states that have accepted the offer of the federal government through its law of 1920 to assist them in the vocational rehabilitation of injured workers.

**The seven laggard states are Connecticut, Delaware, Kansas, Maryland, Texas, Vermont and Washington.**

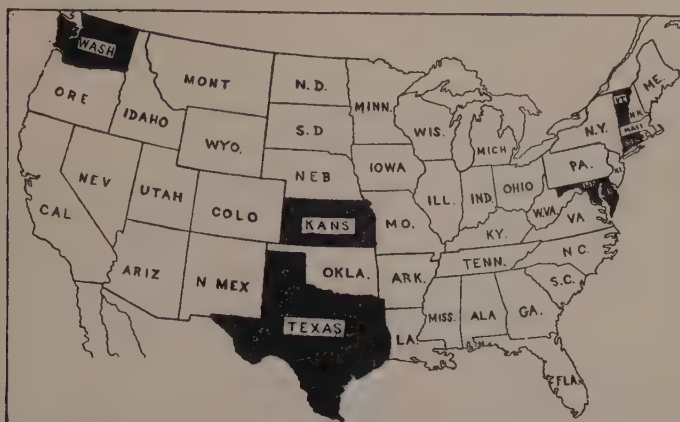
In recommending the bill, the committee on education and labor said that such rehabilitation work, if set up in the District of Columbia, would also "provide a national laboratory for research in discovering ways of rehabilitating disabled persons" and cited successful results of similar work elsewhere.

Every year the permanent disablement of about 60,000 people in the United States through industrial accidents causes a loss in wages of more than one billion dollars.<sup>1</sup> An indirect loss of many millions paid under workmen's compensation laws and an expenditure of \$300 to \$500 for each person maintained in idleness in a poorhouse must also be considered. The cost to the community through loss of morale due to inability to earn a living cannot be estimated.

A rehabilitation program substitutes for a condition of dependence the restoral of the injured person's earning capacity through surgical treatment and placement in the original occupation or through treatment, retraining for and placement in a specific vocation. This costs on the average about \$250 per person, including all expenses. In the 41 states that have rehabilitation legislation

---

<sup>1</sup> The facts in this article are taken from Bulletin 133 of the Federal Board for Vocational Education, November, 1928, 10 pp.



Black states, seven in number, are not yet cooperating in vocational retraining of cripples.

a total of over 34,000 disabled persons have been rehabilitated since 1920 and 16,000 were being rehabilitated in July, 1928. Forty-eight per cent of the group employed during a period of two and one-half to five years have been continuously employed. At the time the cases studied were interviewed the rehabilitated were found to be employed in 560 different jobs. Before disability, the average weekly wage of the skilled was \$28.85 and of the unskilled was \$19.71; subsequent to disability, the average weekly wage of the skilled was \$4.92 and of the unskilled was \$5.15; after rehabilitation the initial wages of the skilled and unskilled were \$22.91 and \$19.61 respectively and average final wages \$26.61 and \$22.10. Seventy-six per cent or 4,669 cases were rehabilitated at a cost of \$150 per case. Forty-seven and a half per cent or 3,031 were under thirty years of age and so had at least twenty additional years of industrial usefulness.

The following statements analyze rehabilitation accomplishments in two states and show returns on public money expended: In a southern state in one year the average weekly wage at time of disablement was \$9.21; after rehabilitation the wage was \$21.75. The average weekly wage of those who were working at the time of disablement was \$17.11; after rehabilitation the wage became \$22.75. The average weekly wage of those who had never worked until after rehabilitation (30 per cent) was \$19.90. In a mid-western

state, over a five-year period the total gross earnings before rehabilitation was \$499,208.08; after rehabilitation, the earnings were \$1,159,948.18. The per capita annual earnings before rehabilitation were \$481.85; after rehabilitation, they were \$1,119.64. The per capita cost of rehabilitation was \$242.37.

The rehabilitation act passed by Congress in 1920, following a spirited campaign by the Association for Labor Legislation, provides for annual allotments of federal funds to be matched by states that have accepted the vocational rehabilitation act. State boards for vocational education must administer the work—initiate and plan rehabilitation programs, train and place disabled persons.

To date—let it be repeated to their shame—**Connecticut, Delaware, Kansas, Maryland, Texas, Vermont and Washington** have not accepted the provisions of this beneficent law.

---

### Needless Noise Nuisances

We are serious about the “needless noise nuisance,” concerning which we proposed action in our September last issue. Two skyscrapers have gone up on our corner during the past year. Riveting machines, if not prohibited, should be muzzled or muffled!

In experiments upon typists in the Colgate University Laboratory it was found that when the noise in the test chamber was reduced by only 15 per cent there was an increase of five per cent in output, and that about one-fourth less bodily energy was burned up in doing the typing.

Now comes the Merchants Association of New York with a plan to draft a new code for building operations to do away with this nuisance. Special study will be given to the proposal to introduce electrical welding in place of riveting of steel columns, beams and girders. *The New York Times* of January 20 in commenting points out that electrical welding has been tried out in some cities, making not only a stronger building than one put together with rivets, but at less cost. “It would eliminate the necessity of hundreds of compressed air riveting machines which now make life miserable for all those who happen to be in the vicinity of a modern building under construction.”





## Poor Old Missouri

Two years ago Missouri joined the states having workmen's compensation laws—and now she is about to lose the first chairman of her workmen's compensation commission. She is about to lose him for reasons that must bring shame to the cheeks of many citizens.

Alroy S. Phillips has performed his duties with courage, finesse and skill. It was a foregone conclusion, when the compensation act was adopted, that he would be the first chairman; he was the outstanding expert in the state on compensation law. To be the first chairman of such a commission is to break new ground; it is to leave behind the traditional methods of adjusting claims arising from injuries to employees, to forget the awkward and cumbersome confusion of employer's liability, and to initiate a new, revolutionary and fair technique for seeing that employer and employee alike experience justice in placing the costs of accidents where they belong—upon the industry itself.

To this task Mr. Phillips brought fairness, statesmanship, legal knowledge and devotion. He put vigor and vision into the carrying out of the law. In the two years of his chairmanship, 180,000 accident cases passed before the commission, hearings were held on 11,000 of these, and in only 125 cases were the issues carried to the courts for adjudication. He tackled a new job—and he did it in a way to win the state's pride.

"The work of the commission under Phillips," declares the *St. Louis Globe-Democrat*, "has been without substantial criticism."

Why, then, has he resigned? For two reasons: first, health—the work of the chairman has been made too heavy; second, an inadequate salary—the state has paid him \$4,500 a year. On this wage it has expected that he would provide for his family, educate his seven children, put something by, carry out his important duties, and be satisfied. Of course, he has seen the impossibility of it at last. With commendable frankness, he tells the state that, for living expenses alone, he has spent \$10,000 above his salary in the course of these two years. In justice, therefore, to his seven children—we mention no one else—he retires to the practice of the law, in order that work may bring a reasonable reward.

Missouri will look hard for a suitable successor to Alroy Phillips, and it will pay him more than \$4,500 a year or it will not keep him. Let her consult the benefits derived from the workmen's compensation act—the saving of money in costly court trials, for one thing—and fit her remuneration to the service rendered.



# Workmen's Compensation and the Family

By BAILEY B. BURRITT

*General Director, N. Y. Association for Improving the Condition of the Poor*

IN a former brief discussion<sup>1</sup> we have shown that workmen's compensation is a very recent development, and that during the period of two decades it has covered all of the United States with the exception of five states; that there is probably something like \$150,000,000 a year expended in accident compensation to families; that this is probably a greater amount of money than is expended for relief by all the public and volunteer agencies of the country; that workmen's compensation is preserving family units and takes the place of little or nothing that preceded it; that the great bulk of workmen's compensation goes to employees receiving moderate wages; that over two-thirds of the compensation goes to families in which the wage earner is between the ages of 21 and 50, the age of the greatest responsibility for dependent children; and that compensation for accidents resulting in death, in New York, count for about one-fourth of the total funds necessary for compensation, permanent partial disability for nearly one-half, and temporary disability for nearly one-fourth.

All of this has important social significance for the welfare of families. It is not paternalistic and does not undermine the morale of families, but tends to build it up. The cost from the point of view of the consumer is slight. We now need to make the provisions of workmen's compensation acts more uniformly adequate, and place additional emphasis upon the importance of preventing accidents in order that we may not have to compensate. While workmen's compensation already is an enormous factor in the welfare of families, the reduction of accidents to a minimum would be of even greater significance.

~~~~~

"If business is to ally itself with humanity, here is the chance for business men with heart to repudiate the theory that they can do whatever the law allows and that they can avoid moral responsibility by invoking the law's delay."—*The Outlook*.

¹ See "Workmen's Compensation Keeps the Family from Charity," by Bailey B. Burritt, *American Labor Legislation Review*, Vol. XVIII, No. 4, December, 1928, pp. 377-384.

Compensate ALL Occupational Diseases

A BILL (S. 679) to provide for the compensating of all occupational diseases was introduced in New York on February 13 by Senator Mastick. This is the bill which was prepared after many conferences two years ago by the American Association for Labor Legislation and recommended by the New York Department of Labor.

As pointed out before in this Review,¹ experience has shown the "specific schedule" plan now in effect in New York to be as unjust as it is inadequate. Under this system protection is provided for only a limited number of diseases specified in the law. The victims of occupational diseases which do not appear on the list are thus arbitrarily denied the right to compensation. There are numerous poisonous substances in industrial use in respect to which no compensation can be paid under the present law and the extensive application of chemistry to industrial processes is continually creating new forms of hazard.

It is not reasonable that any state—once having accepted the principle of workmen's compensation—should hesitate to adopt the all-inclusive method of compensation for occupational diseases. Ten² American compensation laws recognize this principle.

The Mastick bill is in line with the best experience. It provides compensation for all occupational diseases arising out of employment as recommended by Governor Roosevelt in his message to the legislature. Such an all-inclusive provision covering all occupational diseases would add not more than three per cent to the total cost of accident compensation in any state. New York already compensates nineteen.

Expediency no less than justice calls for the prompt adoption of legislation providing compensation for all occupational diseases.



"If you don't read the *American Labor Legislation Review* you ought to."—*News Letter*, American Association for Organizing Family Social Work, February, 1929.

¹ See "All Occupational Disease Compensation," *American Labor Legislation Review*, Vol. XVIII, No. 4, December, 1928, pp. 374-376.

² California, Connecticut, Hawaii, Massachusetts, the Philippines, North Dakota, Wisconsin and the three federal laws.

Labor Law and Reason¹

By THOMAS I. PARKINSON

President, American Association for Labor Legislation

MR. Chairman, Ladies and Gentlemen: We have had labor laws ever since the relationship of employer and employee was recognized. In the ancient English common law, which is our own common law, there was a legal obligation on the employer to provide for his employee a safe place to work, safe tools to work with, and reasonably safe working conditions.

In our modern labor laws, the legislature provides that places of employment shall be safe and sanitary. The difference is in the method of enforcement, the method by which the public policy that lies behind both rules of law becomes effective for the public welfare.

Under the old common law, the method of enforcement was judicial imposition of remedial damages at the suit of the injured person, upon whom fell the full burden of establishing what the rule required in the particular instance and that there was a violation of the rule for which his employer must answer to him by way of remedying his damages.

Under the modern system, we turn from the remedial to the preventive, and by legislation we seek to make more definite that ancient rule that the employer must provide safe working conditions, by prescribing what conditions are safe, what conditions are sanitary, what conditions in the long run are for the benefit of the employee and therefore for the public welfare. The difference is that the emphasis is placed not upon remedial action—redressing a wrong done, but upon preventive action—preventing the happening of the injury.

Judge Shientag has said that the Labor Department is no longer a mere police department. That is true. If our modern labor laws simply said that places of employment shall be safe, and the problem of bringing about safety was left to the Labor Department, then the administration of this department would be very largely the same as

¹Stenographic report of remarks at luncheon at Hotel Astor, New York City, January 31, 1929, in honor of the new Industrial Commissioner, Frances Perkins.

the job of the "cop" on the corner. When he thinks that he has detected you in the commission of a breach of the peace, he hails you to court and there carries the burden of proving what as a matter of law constitutes a breach of the peace, and of establishing your breach and the right of the community to punish you.

Not so with our modern labor laws. Their enforcement rather suggests the functions and procedure of the traffic "cop" at the crossing. The legislature establishes more or less definite standards of safety; and then, as Judge Shientag has said, gives to the department, or to The Industrial Board within the department, the power to prescribe by definite rule and regulation what is safe in particular instances. And then the department enforcing such rules holds up its hand and says, "This you must do if your place of employment is to be regarded as safely constructed, equipped, and operated."

It is not the drastic nature of this change that I mean to emphasize. It is rather the efficiency of that law in our modern, complex conditions, which undertakes to set these definite standards of the employer's duty to his employees. An indefinite law, whether it is developed by the judges or by the legislature, is an ineffective thing. The statute which says that a place of employment shall be safe, is a helpless, lifeless creature as it comes from the legislature. It is the administrative agency which gives it life and makes it effective. It is the administrative agency which picks out of it the definite standards of conduct that it requires in specific situations. And therefore the great importance of this rule-making power to which Judge Shientag has briefly referred.

I wish I could with greater detail emphasize to you the importance of this rule-making power in this great administrative department. But enough to say that the legislature has given to this Labor Department broad rule making and semi-legislative powers. The legislature has required safe, sanitary, healthy conditions for the workers in this state; and has delegated to the Labor Department broad power to define by rule and regulation what is required in specific situations. Those rules and regulations made by the department have the force and effect of law. Their violation is a criminal offense, which may involve serious legal consequences. It certainly will prevent the enforcement of contracts which involve a violation of such rules and regulations.

The authority of the legislature to give to this department the rule-making power, and to vest those rules with the force and effect of law, is sustained by our courts as constitutional. This rule-making power, if it is to be effective for the purpose for which the legislature delegates it to the administrative agent, must be exercised not theoretically and in general terms, but as an evolution out of the daily administrative experience of the department. These rules, like the legislation itself, are effective only insofar as they are based upon fact and upon that basis can be supported as reasonable and just.

You all know that one of the greatest obstacles to labor law and all kinds of social legislation has been the "constitution" and the "constitutional" lawyer. Well, the time has come when the constitution offers no serious objection to the development of regulations in the interest of the employee and of social conditions generally, because the "constitutional" obstacle today comes down to this and this alone: that legislation, whether passed by the state legislature or by The Industrial Board, must be reasonable; that is all. And reasonable is a question not of law but of fact. Therefore the time has come when the greatest constitutional lawyers in this field of labor legislation and of social legislation are those who know the facts and who are able to justify as reasonable the regulation or the law to which we are called upon to respond.

I emphasize that because it means that the future development of the labor laws of this state is very largely in the hands of the Labor Department. That department has great powers, but I think the greatest of its powers and the greatest of its opportunities lie in the capacity to pick out of daily administration, out of facts and circumstances known to it, those facts upon which to justify existing legislation and to build up the legislation of the future. This is true, whether it be the development of the workmen's compensation law and its general provisions, so that it will do what it was intended to do, namely, give to the injured workman and his family not absolute justice but prompt compromise,—compensation for the disability which flows from the injury; whether it be the factory laws, where the problem of the department is very largely to define by rule and regulation the general standards of safety and sanitation which the legislature has required; or whether it be in the development of new legislative policies in those fields like mediation of

disputes, which have not yet been substantially regulated by legislation. In all of these fields, the future of our labor laws depends upon the leadership of the Department of Labor.

In the drafting of labor legislation, it was my experience—and my despair—always to find that everything depended upon the facts, and I never could get at the facts. In the last analysis it is always in the department alone where you can get the facts over a long period of time needed to determine what is fair, and just and reasonable, and therefore constitutional and effective.

We have sometimes had this department in the control of leaders who were able and experienced but not enthusiastic about labor laws or social legislation generally; sometimes we have had it under the control of leaders who were not experienced, not informed, but enthusiastic. Now we are fortunate in having this important department of the government of New York in the hands of a Chief who is both experienced and enthusiastic.

And I have only to add that it is a great comfort, I am sure, to all of us who are interested in bettering human conditions through governmental action to feel that Miss Perkins' administration of this Labor Department will make it an example upon which we will found future social legislation.

Administrative Regulation Upheld

A RECENT decision of the Supreme Court of New York, for Erie County, in the case of *Acme Steel and Malleable Iron Works v. the Department of Labor*, upholds rule 2-c requiring two widely separated exits in a class of factories not originally covered in a similar provision of the statute law. The court held that **the rule was not, as the plaintiff claimed, repugnant to or in conflict with the labor law but "supplementary thereto,** that it does not repeal any provision thereof, but extends the coverage thereof, as the Industrial Board is, by law, authorized and empowered to do, so as to provide reasonable and more adequate protection to certain employees who, without that rule, lacked such protection."

The court also passed upon the technical question of procedure, declaring that, contrary to the contention of the plaintiff, the Industrial Board of the Department had "substantially complied with all the requirements of the law" and that the rule was valid and enforceable. It is significant that the plaintiff conceded that the legislature had power to delegate this authority to the Industrial Board and also that the rule in question was "reasonable"—thus making it unnecessary for the court to pass upon two very important issues.

Governor Roosevelt of New York Sends Special Message to the Legislature on Provision for Old Age

“NEW social conditions bring new ideas of social responsibility. The problem of how to take care of the aged poor outside of state institutions is now occupying the attention of other states of the Union, as well as of foreign countries. We can no longer be satisfied with the old method of putting them away in dismal institutions with the accompanying loss of self-respect, personality, and interest in life.

“This state abandoned some time ago the principle of institutional care for poor children and adopted the method of helping them in their own homes. Similar provision should be made for old age.

“Poverty in old age should not be regarded either as a disgrace or necessarily as a result of lack of thrift or energy. Usually it is a mere by-product of modern industrial life. An alarmingly increasing number of aged persons are becoming dependent on outside help for bare maintenance. While improved medical science has increased man's span of life, the rapid pace of modern industry has proportionately increased the number of years during which he is an unsought employee.

“While the worker of to-day, on the average, may look forward to a longer life than did his grandfather, he must necessarily count on a shorter period of industrial availability. No greater tragedy exists in modern civilization than the aged, worn-out worker who, after a life of ceaseless effort and useful productivity, must look forward for his declining years to a poorhouse. A more modern social consciousness demands a more humane and efficient arrangement.

“It must be borne in mind that although the adoption of any plan of old age pensions or old age insurance will be expensive, the present method by which the state's aged poor are being taken care of in institutions is also expensive. Four or five years ago, the United States Department of Labor, through the Bureau of Labor Statistics, made a study of the poor farms and almshouses throughout the nation, with a view to ascertaining the expense of maintaining them and the value of the capital invested, including the land, buildings and equipment.

“In the state of New York, the investigation covered sixty-one institutions, housing 9,203 inmates. The report shows that the capital value of these institutions was \$16,321,338, or \$1,773.49 per inmate, and that the annual maintenance cost was \$2,753,327, or \$299.19 per inmate. In other words there were then invested almost \$1,800 of public moneys for each inmate of our poor houses in this State, and almost \$6 per week was being spent by the public to maintain each person.

“This present high cost should be carefully considered in deciding upon the advisability of making a change in our policies of providing for the dependent aged. I look forward hopefully to the day when our poorhouses will be used, if at all, only for the helpless incurables of the state who, by virtue of physical or mental handicaps, are unable to provide for themselves.

“Apart from the apparent justice of making some provision for our aged poor outside of institutions, a wise public policy dictates the necessity of an early formulation of a definite, intelligent policy along these lines. The sooner this problem is met scientifically the more economical will be its operation.”—**Franklin D. Roosevelt**, February 28, 1929, (as reported in the *New York World*, March 1, 1929).

Old Age Pensions in America

BY MURRAY W. LATIMER

(EDITOR'S NOTE: In this article Mr. Latimer presents results of the most important original study during 1928 of old age pensions in America. State and industrial pensions furnish the newer features of interest. But trade union pensions have not been overlooked. This careful inquiry by Industrial Relations Counselors, Inc., is indicative of serious, scientific approach on the part of industrial leaders to this increasingly pressing industrial and social problem. This report was presented by Mr. Latimer at the joint session of the American Association for Labor Legislation and the American Statistical Association, at Chicago, December 28, 1928.)

THE data here presented were gathered in the course of an investigation being conducted by Industrial Relations Counselors, Inc. So far, we have covered only part of the field of old age protection. Our studies have been confined to a particular method of relief—pensions—which for the purposes of this paper we may define as a systematized payment of money at regular short intervals from the incidence of old age to death. It is only one of several possible methods, and in order to evaluate its efficacy we must contrast it with other devices. Pensions for industrial, business, and railroad employees have been studied, as well as the efforts of trade unions and legislative activity. Other kinds of pensions are not under consideration at this time, although they may be later.

In describing present practice, we shall try to see how far the following questions can be answered: What need is there for pensions or some other form of protection against dependency in old age? What have various agencies tried to do to meet this situation? How far have they succeeded?

As to the need—the various surveys which have been made to learn the extent of old age dependency seem to indicate that at least 25 per cent of the population aged 65 or more have property valued at less than \$5,000 or income of less than \$300 per year. This means that approximately 1,500,000 aged persons have not enough to maintain them at the subsistence level. It may be that some are cared for by their families: as to that, there is little evidence, but it is known that a large percentage of pauperism is caused by lack of family ties. Frequently the children of the aged poor are not able to help them or, in trying to do so, they too are forced into dependency.

These surveys have covered mainly the northern and eastern portion of the country, its richest section, though the high concentration of wealth there may tend to make a study of dependency typical of other districts.

Without stopping to make qualification, it must suffice to conclude that the need for some form of protection is great.

Speaking broadly, there are four types of agencies which have in one way or another, directly or indirectly, tried to deal with this problem. First, there is the State as a social body; second, there is private charity; then there are the employers, in business, church, and state; finally, there are associations of persons which make provision for their members, such as trade unions and fraternal orders.

All the efforts of these agencies toward the protection of the needy aged are not organized. Some private individual may care for a friend or relative, as the occasion arises; an employer may help an aged employee from time to time. "Organized" charity, moreover, does not usually systematize its relief in the form of a pension. While we could not, obviously, study this type of relief, it is possible in analyzing the problems which pension systems have had to solve, to gain some idea as to its adequacy.

As will be pointed out later, pensions are not always a form of poor relief, particularly when granted by employing bodies; wealthy executives are frequently pensioned, so that the entire expenditures of these bodies cannot be credited against old age dependency.

We now turn to the first of the agencies which we have mentioned—the State as a social body.

State Pension Legislation

Following British precedent, most of the states in this country, many years ago, established almshouses for the relief of the indigent poor, whether young or old. Whatever merit indoor relief may once have had, it is now almost universally agreed that the method is obsolete, and should be applied only in special cases, as where the recipient requires medical attention of one sort or another. The chief reasons for this change in attitude have nothing to do with cost. The disruption of family or friendly ties; the utter desolation of the typical almshouse; and the poor management usually available in the administrative

boards, combine to prejudice all observers against this form of aid. It is also true that the cost of relief to an individual is greater in a charitable institution than outside. Despite these objections and the weight of opinion behind them, the almshouse is still the dominant form of state poor relief in the United States.

The agitation for state old age pensions which began about a quarter of a century ago reflects the growing interest in a form of help which may supersede the almshouse. Since the first measure was introduced in Massachusetts in 1903, some 300 bills dealing with the question have come before state legislatures. The action taken may be summarized as follows:

In 16 states, 26 committees of investigation and recommendation have been appointed. Four states, California, Montana, Pennsylvania and Wisconsin, after the investigations of the commissions, passed bills authorizing the payment of old age pensions under certain conditions. The California law was vetoed by the governor and that of Pennsylvania was declared unconstitutional. In Ohio, after the commission's report, a constitutional amendment authorizing old age pensions was defeated by referendum.

Seven states passed laws without previous commission investigation. The Arizona measure was declared unconstitutional, while in Washington and Wyoming, the bills were vetoed by the governors. Nevada, Kentucky, Colorado and Maryland, without previous commission investigation, have laws on the statute books. The oldest of the pension laws now in effect is that of the Territory of Alaska, which has been in operation since 1915. Besides these states in which commissions have been appointed or laws passed, 12 other states have introduced measures. In only 13 states, nine of which are in the South, has the problem not been dealt with by the legislatures. There are today six states and one territory which permit the granting of old age pensions under state law—Alaska, Colorado, Kentucky, Maryland, Montana, Nevada and Wisconsin.

While over 50 bills and resolutions have been introduced in one or the other House of Congress, none, so far as can be ascertained, has ever been reported out of committee.

The pension systems contemplated by the various bills are all forms of poor relief. Some persons, indeed, challenge the use of the word "pension" in this connection, but since it is common

we make no apologies for the adoption of the term. That the pension is looked upon as relief is evidenced by the fact that the maximum grant contemplated is \$25 per month to \$1 per day, and that the amount of the pensioner's property and his annual income are restricted. Limitation has varied with the changes in the value of money; in recent years, the usual maximum has been \$5,000 for property and \$300 for annual income. Finally, no one being supported by a relative or other person can receive a pension. Other typical qualifications for the pension are: 65 or 70 years of age; at least 15 years United States citizenship; 10 to 25 years continuous residence in the state.

The present state pension schemes (except in Alaska) merely allow the counties to grant pensions and administration is in the hands of the county commissioners. The result is that in Wisconsin only six counties, two of them within the last month, with less than 9 per cent of the state's population are covered by the provision of the law, while 38 out of 56 Montana counties, and one county in Kentucky, are paying pensions.

Judged by the extent of old age dependency, the degree of public relief seems small. Probably there are at the present time about 50,000 paupers 65 years of age or above in almshouses in the United States. Of the six states which now have pension systems, Nevada has never granted any pensions. Montana and Wisconsin together have less than 1,000 on their rolls. In Alaska, the number of pensioners in 1927 was 287. No reports as to operation of the plans in the other states have been made, since the laws have been in effect for less than a year in most cases.

We may say, therefore, that so far the state has played but little part in the extension of poor relief in any form and that the movement in the United States toward payment of old age pensions by state or federal governments has barely got under way.

In this regard, Canada has made more rapid progress than the United States. A dominion-wide system of voluntary old age insurance was established in 1908. Under the provisions of the law, any person might purchase deferred annuities in several forms, ranging in amounts from \$50 to \$500. The lower limit was later changed to \$10 and in 1920 the provisions that annuities were not to be paid before age 55, was done away with.

This scheme in practice did not provide protection against old age. On March 31, 1926, only 6,426 contracts were in effect after

almost 18 years of operation. In the previous year, 668 annuities had been purchased. Following out the recommendations in the report of a dominion commission in 1924, the Canadian Parliament in 1927 passed a non-contributory act under the terms of which pensions were payable to British subjects of 70 years and over who had been residents of Canada for at least 20 years and of the province for at least 5 years and were possessed of an annual income of less than \$365. The maximum pension is \$20 a month.

The Canadian government agreed to pay half of the cost of pensions under the act to any provinces accepting its provisions. The option of complying, however, was left with the provinces. So far, British Columbia, Saskatchewan, Manitoba and Yukon Territory have passed legislation looking to the payment of pensions; Ontario, the most populous of the provinces, has been investigating the project, and popular pressure is such that there is a likelihood that the system will be adopted in 1929. Other provinces are considering similar steps. During the first seven months of operation in British Columbia, 3,000 persons received pensions averaging about \$17.50 per month.

Industrial Pensions

Industrial pension systems have had a three-fold motivation—relief, reward for service, and the desire for a stable and efficient work-force—of which the first named has probably been the immediate consideration in most instances. Finding that the granting of assistance was to be a continual process, a number of industrial corporations have issued formal statements of policy concerning pensions. Under these plans, the relief aspects have been subordinated to general personnel policies and the pension has come to be looked on as a reward for service and an aid in stabilizing the personnel. In most cases they apply to executives as well as the rank and file. Only 128 of the 466 pension plans of industrial and business concerns and railroad companies which we have analyzed, allow to the company entire discretion to fit the pension to the needs of the individual case.

Plans classified as to the source of final pension payment fall into three groups: first, non-contributory, under which the company undertakes to bear the whole burden of the cost; contributory—under which the employer and employees jointly bear the cost;

contributory—under which employees' savings plus amounts granted from time to time by the company are paid to the employee at his request, either as a pension or lump sum. A few plans combine the first two methods. There are also 128 plans of the relief type to which we have already referred.

Typical provisions of the non-contributory pension plans are:

1. For superannuation pensions, the employee must have served 20 to 25 years continuously with the company and be 65 years of age.

2. For a disability pension (72 per cent of the plans have this provision) 15 and 20 years of service, and no age requirement, are stipulated.

3. One, 1.5 or 2 per cent of the annual average salary for the last 10 years of service times the number of years of service is the amount of the pension.

4. Sixty-seven per cent of the plans have a maximum pension which ranges from \$1,200 to 100 per cent of the average salary used as the basis for the pension. Only 51 per cent set a minimum and this runs as low as \$10 per month.

5. With two or three exceptions, the employee acquires no right whatever to any pension or credit therefor until he fulfills all the requirements and is placed on the pension roll by the board of directors.

6. In about 40 per cent of the plans, the pension once granted is guaranteed for life, being subject to forfeit only in case of violation of some company rule or some criminal action on the part of the pensioner.

7. Very few of the plans hold pensioners subject to recall to active duty, except in case of complete recovery from disability.

8. Provision for dependents of pensioners is usually made by insurance and not through the pension plan, though in a few cases the pension (or half of it) may be continued to the widow until her remarriage or to the minor children up to their majority.

The contributory plans differ in only a few respects.

1. The employee is assessed from 25 per cent to 75 per cent of the estimated value of the pension. Sometimes the company makes no promise as to what its proportion shall be, merely specifying that it will contribute such sums from time to time as it sees fit.

2. In case of death or withdrawal, the employee's contribution is generally returned with interest.

3. In a larger proportion of the contributory plans than of the non-contributory plans, the pension is based on the whole salary rather than on the final or last few years of service.

In the last year or two, several companies have inaugurated benefit schemes on a contributory basis, which cover health and life insurance, as well as pensions. The contribution usually is the same for all those receiving a certain wage regardless of age. Con-

sequently, if an employee withdraws before an equalizing reserve is built up, he forfeits all he has put in. Customarily, a part of the contribution will be returned after making five years' payments and the entire amount after 20 years.

The savings and composite plans are relatively unimportant, and will not be considered.

The 466 plans which we have examined covered 4,000,000 employees at the end of 1927. Some three years before, the Pennsylvania Old Age Commission reported 370 plans applying to 3,300,000 employees. The difference in figures represents a different basis of inclusion, but also reflects a substantial growth in coverage. It is doubtful if a private survey can ever obtain complete information and the figure of 4,000,000 should consequently be taken as a minimum.

For the 4,000,000 employees, the chief industrial classifications are:

Railroads	42 per cent	Rubber Products	2 per cent
Public Utilities (Other		Agricultural Implements..	2
than Railroads)	17	Banking	1
Metal Products	17	Mining	1
Electrical Apparatus	4	All Other	10
Food Products	2		—
Insurance	2		100 per cent

Detailed returns from 194 plans in firms with 2,500,000 employees, show a total of 46,000 pensioners in 1927 and pension payments of \$27,200,000. The average pension, therefore, is a little over \$590. If this same ratio holds for all 4,000,000 employees, there were about 75,000 pensioners and about \$43,000,000 being paid as pensions in that year. Remembering that the whole field has not been covered, we are probably safe in estimating that there are now probably 80,000 industrial and business pensioners in this country receiving approximately \$50,000,000 annually in pensions.

Two years ago the Pennsylvania Old Age Commission estimated the number of pensioners as 90,000, with payments of about \$50,000,000 and the average payment at \$485. The estimate of the number of pensioners is probably a little optimistic, while on the other hand the pension payments seem too low. That the average pension has increased is probably due to the fact that recent pensioners have been granted higher sums than those of several years

ago, and persons receiving the very low payments granted on the old wage level of 10 and 15 years ago have been dying out.

The tendency under nearly every industrial pension plan is for the number of pensioners to pyramid rapidly as time goes on. The average rate of increase of pensioners in the United States Steel Corporation has been 7.5 per cent during the past 17 years, and in the Baltimore and Ohio 6.7 per cent over a period of 43 years.

Most corporations have charged to current income the payments for pensioners of the current year. It has become increasingly evident that such practice will ultimately result in a level of payments which no one organization can bear if it is competing with companies which do not have such charges. There is, too, a growing recognition of the principle that since the typical plan contemplates granting pensions related to the salary and service of the individual employee, the costs of future payments ought to be spread over the whole period of service, and that pension reserves should be accumulated during this period of active service. As yet, however, relatively few companies have accepted this principle to the extent of actually setting aside reserves from which future pensions could be paid. Probably the total amount of reserves accumulated at the present time will scarcely equal the sum needed for two years' pension payments. When we consider that at age 65 the typical pensioner has a life expectancy of 12 years, one can only conclude that adequate provisions for payments of pensions have not been made. If there is added the liability already accrued for persons who will receive pensions in the future, the unstable nature of industrial plans is further emphasized.

It cannot be fairly stated, however, that there is any likelihood of a general withdrawal of industrial pensions in the near future. Despite the great growth of plans, the total pension payments, even in firms which have been established for a long period of years, are relatively small as compared with total payrolls. Our investigation has revealed the greatest interest in the whole problem of pensions, and since a retirement scheme is by nature a long term project, thus permitting amortization of accrued liabilities over a period of years, it seems safe to say that the majority of industrial pension systems will gradually work out of their present difficulties with no drastic modifications in so far as the amount of pension is concerned.

The weight of pension costs has been lightened by some firms through the adoption of the contributory principle. Prior to 1911, 10 out of the 57 industrial plans of which we have record, or 17½ per cent, were on a contributory basis. The proportion of contributory schemes to the total number established, by five-year periods, is as follows:

1911-1915	10.4 per cent	1921-1925	23.6 per cent
1916-1920	9.7 per cent	1926-1928	62.5 per cent

There are also several companies which are considering the re-formulation of their plans along contributory lines. The forces which have led to the growth of this tendency will continue to operate during the next few decades, and the number of such schemes will probably increase. Industrial pension systems, therefore, will partake more and more of the nature of compulsory savings.

One other fundamental modification can probably be anticipated. Most of the plans at the present time base the pension on the salary during the last few years of service. If the company wishes to set aside amounts currently for future payments and, in addition, to require employees to pay part of the cost, some forecast of the salary in the years just prior to retirement must be made. Obviously, where there are extensive changes in the price level, such prophecy is extremely difficult. Moreover, even if the average amount is predicted accurately, there remains discrimination between low and high salaried employees if the employees contribute and the pension bears a definite ratio to the individual salary. Finally, most of the insurance companies will not reinsure a plan on which the pension is related to the final years of salary. Because of these considerations, there is an inclination to make the salary during the whole period of service the basis of payment. Especially in the case of executives, this change may mean that the ultimate pension will be lower than it would be if computed on the final years' compensation. For the rank and file of employees, however, in the absence of any severe fluctuations in the general price level, the change in pension will not be large.

From the point of view of employees, the chief disadvantage of the industrial plans is that they require a very long period of service to qualify for the pension roll. This fact, coupled with

the lowering of the maximum hiring age, makes it impossible for many workers to receive an industrial pension. Thus far, there is no evidence to indicate a tendency on the part of industrial corporations to lower service requirements or to arrange for interchange of pension credits. While the stability of employment has undoubtedly increased in the last few years, and while this condition may be permanent, one would hardly be justified in saying that there is much chance for industrial pension plans to provide any large proportion of industrial workers with protection against old age dependency for some time to come.

Trade Union Pensions

At the present time, nine international and six local unions are paying nearly \$4,000,000 a year to about 11,500 pensioners. In addition, three internationals pay lump sum benefits, ranging from \$50 to \$800, to their aged members. Nine other internationals pay a permanent total disability benefit which by definition may be given for old age infirmity.

The chief provisions of the trade union pension schemes are:

1. A retirement age of 60 (65 in two cases).
2. Twenty and 25 years of continuous membership in good standing. The three rail brotherhoods at first glance do not seem to have this requirement, but it is attained by fixing the maximum age of joining the pension department.
3. A pension of \$25 to \$40 per month. The Granite Cutters, however, pay only \$10 per month for six months of the year, and the Printing Pressmen \$4 per week.
4. There is usually a disability pension payable after from one to 25 years of service. The amount is the same as the superannuation pensions.
5. Protection of dependents is commonly in the form of a death benefit, though one union continues the pension to dependent widows. Two of the rail unions have special departments for widows' pensions.
6. The pension is usually payable only to members who either are unable to obtain sustaining employment (variously defined) and are without other means of support, or retire wholly from the particular trade.

The financial experience of the trade unions shows that there has been constant necessity to increase the rates of contribution, and so far the systems have remained solvent only because of expansion in membership. The present contributions of members will pay for but a fractional part of the value of their own pensions at retirement, so that it is almost inevitable that there will be a growing burden on members in the future. In the case of one or two

of the unions, the funds have been almost entirely depleted, and if the pension schemes are to be salvaged very heavy assessments will have to be laid during the next few years. It is impossible to predict the outcome, but it is safe to say that the funds cannot be continued on the present basis.

Conclusions

In summary, we can say that the state has limited itself entirely to the field of relief. The corporations, and we might add the civil service, teacher, municipal, and other governmental employee schemes, are granting pensions for long service. The history of all such employer schemes in this country and abroad shows that starting with the theory of relief, there is a transition to the principle of insurance with employee contributions on a savings basis. Trade unions, on the other hand, are divided into two groups—those in which the pension is charity and those (having no employment or means qualification) in which it is a reward for service coupled with a measure of saving.

It seems clear that pensions as a method of poor relief are only meeting a minor part of the total need, and, therefore, that either a relatively large number of persons are not being cared for at all, or else unorganized effort is bearing the greater part of the burden.

For the most part, pension plans have been financed on the "pay as you go" theory. While this is well enough for state poor relief, it obviously will not do for the reward for service. The latter must be operated either on an insurance or savings basis. The unsatisfactory experience of private funds which have financed service pensions on a relief basis, as well as the great growth in costs and the constantly increasing number of pensions, raise some doubts as to the ability of voluntary charity to continue to carry as large a share of responsibility as in the past. While differences in the relative age distribution of a body of employees and the total population create dissimilar problems, it is nevertheless possible that financial expediency may demand that charitable relief rest on the taxing power of the state.

The financial experience serves forcibly to bring out the differences between charitable and service pensions—the one is a measure for poor relief, the other a phase of personnel management or in-

dustrial relations. Not only are the aims dissimilar, but the financial problems demand different treatment for each. While there is some overlapping between the two, there should be no conflict.

One may predict, therefore, that these types of pension will develop side by side for some time to come—state, private employer, and unions. It is always, of course, within the province of the state to take a hand. While we make no forecast, the possible lines of state action are: to take some part in the regulations of private funds; to require exchange of credits between companies or other pension plan units for employees who change jobs after 10 years' service, or after, let us say, age 40; to enforce trusteeing of funds and authorizing industrial or community pools; to promulgate insurance regulations; or to make old age insurance compulsory for all employing bodies. But the three systems will, probably, remain distinct for some time. Finally, there is little to indicate that state contributory plans are a likely development in this country during the next generation.

No final evaluation has been attempted nor do we believe that one is possible at this time in view of our limited experience. Pension systems are as yet in the experimental stage and will be for some time to come.



"A report from the Welfare Council of New York City reveals that in New York there are at least 6,000 people, many of them over eighty years of age, awaiting their chances for admission to one or another of the eighty-two homes for the aged in that territory. The situation probably is proportionately the same in most other large cities.

"What tremendous tragedy lies behind that statement! Think of the broken hopes, the despair, the loneliness that it represents. Surely welfare organizations, and society in general, have no greater duty than to see to it that everything possible be done to avert or soften these tragedies."—*The New York Telegram*.

Justice for the "Veterans of Toil"

"This merely extends to worthy old people the principle already applied to widows with children," said Senator Mastick of New York in introducing at Albany his bill to provide allowances, or pensions, from public funds to people who have passed the age of seventy. "In New York, and practically every other state, we have laws giving aid to mothers with children so that the mothers can keep their children with them and not send them to institutions. My bill merely extends that principle to old people."

His measure, he said, was based on the standard bill for uniform state legislation supported by the American Association for Labor Legislation, the Fraternal Order of Eagles, and many civic organizations throughout the country. "Already," he declared, "half a dozen states have laws based on this model."

A recent study in New York City, said Senator Mastick, showed that 2,350 old folk were receiving help in their homes from social agencies and probably 1,000 more from churches. This study, made through the co-operation of the Welfare Council of New York, the American Association for Labor Legislation and the Order of Eagles, disclosed that \$112.83 is spent, on the average, on each of these people per year. This is declared to be considerably less than the cost of care in almshouses.

"Think of the plight of these old folk!" exclaimed the Senator. "They are the veterans of hard work and toil. Many are without children to whom they might look for help. Others, even by thrift, have not been able to provide for their old age. Shall we allow them to spend their last few years in wretchedness? No, let us do them justice—let us care for them humanely."

Many sad stories, he said, had been turned up by the study mentioned above. One elderly lady, living in one room, had been compelled by illness to spend three months away in an institution for treatment. Coming back, she threw her arms around the bare table, kissed it, and looking up with tears in her eyes, said: "Everybody was good to me at the institution, but this is my home and I love it."

California Rescuing Her Aged

CALIFORNIA is the latest state to give us an official report on old age and stooped shoulders: ¹She has just set before us a picture of aged folk within her borders that is not only a commentary on how unhappily some of them drag out their last years, but shows the importance (in the view of the investigating body) of some radical alteration in the plan followed in that state of making those years less needy and less pathetic. Essayists, from Cicero down, have written on old age, but none of these has drafted a plan of caring for the final years of persons whose children are unable to support them, who cannot work or whom industry rejects because of their gray hair, whose savings have disappeared and who, therefore, are badly off.

That job now confronts American states because the almshouse is no longer tolerable (at any rate for many of them) and because no nation-wide plan has yet been evolved to take its place. Six American states and most foreign countries have embraced some form of the plan of state allowances or pensions and California will be another state in this column if the recommendations of this report are given effect in law. Indeed, the report has already led to the introduction of a bill for that purpose.

Made by the State Department of Social Welfare at the request of the legislature, the report covers sixty-four pages. It contains, therefore, much information bearing on the subject under discussion.

To begin with, how many old people—over 65 or 70 years of age—are there in a state? The population of California (estimated 1927) is 5,375,237, and of these 311,765 (5.8 per cent) are 65 years and over, and 184,908 (3.44 per cent) 70 years and over. This, of course, has no relation to the number who may be regarded as dependent. Today 8,653 people over 65, and 6,082 over 70, are in receipt of public aid from the counties. In percentages, this means that 2.77 per cent of those 65 and over, and 3.29 per cent of those 70 and over, are in receipt of public aid. Private charity is today giving outrelief, or relief in their own homes, to some 300 people above 65; this number, therefore, does not swell the total much. The report sees no reason to suppose that these percentages will be

¹ "Old Age Dependency," a study made for the state legislature by the California Department of Social Welfare, 1928.



There's No Place Like Home

This aged couple, in their own home, appeared on the title page of the report on "Old Age Dependency" of the California State Department of Social Welfare.

greatly changed. It considers that they represent approximately the size of the old age dependency problem in California.

Not all of these, of course, would be in line to receive pensions. Many of them live in county hospitals—"almshouses," as most other states call them, but the word has no standing in California. Here, again, it is necessary to mention figures. Of the 8,653 people 65 and over, receiving aid from the counties, 5,065 are in institutions, leaving 3,588 receiving help in homes of their own. For those over 70, the numbers are 3,612 in institutions and 2,470 receiving out-relief. (These two forms of help—living in county institutions and outrelief, also from the county—are the only forms of public aid granted to dependent old people in California; the state at present is doing nothing.) These figures must be viewed in the light of the opinion, recorded in this report, that county hospitals in California are not at all bad institutions on the whole; indeed, it is stated that "with very few exceptions, these county hospitals are well equipped and well managed." Therefore, it is not considered that many of the old people residing in them should be taken away; they should be allowed to remain where they are. Indeed, an interesting feature of the California report is the statement that "it is estimated that not more than five per cent of the aged

persons in these institutions would be able, physically, mentally, or socially to live outside the institutions."

But a very different picture is given of the others. This report is especially interested, naturally, in the old people who are not in institutions and who, therefore, may be considered as eligible to receive pensions. "In every community," it says, "there are old people who do not need or desire institutional care. Some of them are able to continue some small bit of work to earn part of their living expenses; in the case of many seen during this survey it seemed as though this small effort at independence is essential to their happiness and self-respect. Some old persons own their own homes where they wish to remain although they are without income; others have homes offered to them rent free by relatives or friends." In California, it is interesting to note that among those needing aid are veterans of the gold rush days—'forty-niners who started from the east as youngsters and now are looking back upon lives of excitement and interest. Among them, also, are Indians. "For all of these," continues the report, **"It is more satisfactory and economical to contribute a small sum regularly to their support and permit them to remain outside of the institution until such time as sickness may require nursing care, when they should have access to the county hospital unless other service is available."**

Still, with reference to these people, the report says:

"It is a group which is being augmented constantly by the modern policy of supplanting elderly men and women by more youthful workers. One of the most tragic things met in this survey was the appeal of the older man and woman for a chance to work and earn at least a part of their living. It is not a part of this report to discuss the advantages or disadvantages to society of this modern policy in employment. The fact must be recognized, however, that it is becoming increasingly difficult for a greyhaired man or woman to secure employment. In many instances they are refused even the opportunity to register or apply for a position because of the age limit."

"It is the irony of fate," the report quotes Dr. John A. Lapp, "that while life has been lengthened, the working period has been shortened and thus a longer stretch of old age dependency results."

What does present county help for these people amount to? (San Francisco is the only county in California that does not extend relief to such people outside of institutions.) In the majority of counties, says the report, the aid bestowed is often inadequate. "Instances were found," it is stated, "where old men and old

women were trying to exist upon \$5 to \$10 per month, enduring hardships rather than enter the county hospital or farm because they dislike institutional life." The average aid given by the counties was less than \$15 per month per capita. "In twenty-five counties the monthly allowance to needy aged is fixed at \$10 per month. Only six counties give a monthly allowance of \$20 or more per capita."

State aid, therefore, is desirable. What is the department's plan? It is easily explained. In the first place, state and counties share alike in the payment of allowances, the state reimbursing the counties each month just half of what they have spent for that purpose in the preceding month. There is created, in the State Department of Social Welfare, a division known as the division of "state aid to the aged"—and this division passes on and supervises measures taken by counties in the furtherance of this plan, to the end that suitable care may be given and that there may be uniform standards of record and methods throughout the state. The counties are regarded as bearing the primary responsibility to make sure that local old people are cared for, that the matter is done properly, and that standards of social service are obeyed; the state is a supervising, helping, standard-raising and money-sharing agency. The counties, for example, bear all the expense of investigating cases, county administration and county salaries. Again, and this is a weakness in the proposal, each county may decide for itself whether to adopt the system or not.

The benefit features and administrative provisions closely follow those of the Standard Old Age Pension Bill (see this Review for December, 1928, pp. 430-433), sponsored by the American Association for Labor Legislation and the Fraternal Order of Eagles. The age limitation is 70 and the benefit is not to exceed one dollar a day.

To meet the needs of this plan for the first two years of its operation, \$350,000 are appropriated by the state in the draft of an act accompanying the report. This sum is a rough estimate of the demands expected by the Department of Social Welfare to come from counties electing to adopt the system within that period. The counties, of course, would spend just as much on allowances as the state.

These are the terms of the plan proposed by the Department of Social Welfare, following state-wide investigation.

With reference to the general idea of a system of state aid to the aged, the Department, before outlining the details of its own plan, had this to say:

This plan of assistance to needy is favored by the majority of county officers and by social workers throughout the state. The State Department of Social Welfare considers that this plan, with some changes, can be made to meet the needs of the situation and fit into the existing state and county laws with less friction and less administration expense than any other which could be devised at this time. None of the old age pension laws in other states make allowance for necessary social adjustments which must be made to fit the personal needs of the aged applicants. In some instances, money alone will not solve the problem; medical care, nursing care, occupation, better housing, social surroundings—these often are more important than financial aid in adding to the human happiness or usefulness of the aged. For this reason and because many of the counties in California have established departments of social welfare or social service where constructive measures are applied to relief giving, the state department recommends a system of combined state and county aid to needy aged as outlined in the proposed act presented herewith. This recommendation is made in the full expectation that all counties eventually will administer public aid with the sympathetic understanding and business-like methods which an experienced social worker puts into relief work. The act places the primary responsibility for action upon the county government. In this way, local knowledge will be utilized and the old people retain the contacts and surroundings to which they are accustomed; at the same time the state will be enabled to assist in raising the standard of care and relief in counties which are now giving inadequate aid to the aged. By reference to the table showing relief to the aged by counties, it will be noted that many of the old pioneers remain in the mountain mining districts and other rural counties where the general population is very small and public funds limited, so that it is almost impossible, without state aid, to provide adequate support for the needy aged outside of institutions.

A closer glimpse of some of the old people met in the course of its inquiry (the aged who will be helped by this bill) is thus given by the Department:

Mr. P. Aged 78. Has lived in California.

Old Frenchman, a gardener, who prefers to live alone and eke out county allowance by odd jobs cutting lawns. He does not want to go to the county hospital. Lived in San Francisco from 1875 until fire of 1906. Was gardener at old Stanford mansion on Powell and California streets. Also in Mark Hopkins Art School. Saved nothing from the fire but three cats from the boarding house where he lived. "Didn't want to see them burn; a nice cat and two kittens." He walked to San Jose, gave the cats to a groceryman, who took him in and got him a job. After a few months P. went to Santa Barbara County, where he has lived ever since. Used to do fairly well at gardening, but after he broke his arm he lost his customers. Now has only one regular

customer, who pays him \$3 per month. P. never married. He was left an orphan when five years old. No brothers or sisters. The county allows him \$10 a month. He lives in one room of an old tumbledown house, for which he pays \$3 a month rent. With the assistance of the local social worker he has collected enough furniture to make the room fairly comfortable. He has a little kitchen garden which helps out his food budget. His earnings do not average more than \$5 or \$6 per month.

This is one of the people whom the Department would assist. Here is another:

Mrs. D. Age 70. Has lived in California 66 years. The dominant note in this woman's history since her husband died in 1906 is a persistent effort to secure employment. In acknowledging receipt of each county check her letters say, "I hope this aid is only temporary." Three times in the five years since she became dependent she has asked that the aid be discontinued, as she had secured work which seemed to be sufficiently permanent to justify her hopes of independence. However, each time she has been compelled to apply again when the work ended. After her husband's death she wrote for newspapers, worked as a traveling saleswoman, painted place cards, did fine sewing, and finally did house work when it was the only work which offered. She says as soon as she is well again, she plans to do mending for business women.

One letter ends with an apology for asking aid, and the words, "Oh, well, if one will live to be 70, what can one expect?" Her letters show good command of English, sense of humor and undaunted courage. A well known psychiatrist diagnosed her case as one of "a nervous condition due not to any organic nervous disease but to lack of congenial employment." The county is now allowing her \$30 per month, out of which she has to pay \$15 per month rent.

"With the exception of the United States and China," remarks the report, "all of the civilized nations of the world have some system of assistance to their aged citizens, either in the form of pensions or contributory insurance."



Old Age Pension Legislation

By February 15, old age pension legislation had been introduced in no fewer than twenty states, including Arizona, California, Connecticut, Delaware, Idaho, Illinois, Indiana, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New York, Ohio, Oklahoma, Oregon, Texas, Utah, Washington and Wyoming. Bills authorizing investigations of old age pensions had been introduced in Connecticut and New York. In Colorado, the legislature was considering an amendment to strengthen the existing old age pension law.

Wyoming, in February, adopted a state-wide, compulsory old-age pension law as urged by the Fraternal Order of Eagles, local labor, and the Association for Labor Legislation.

A liberalizing amendment to the federal retirement law was passed just before the adjournment of Congress.

In 1927, 42 counties in Montana paid a total of \$115,399.96 to 693 persons pensioned under the old age assistance law. Of the 425 applications for pensions during the year, 293 were granted.

The House of Representatives has had before it this year three proposals concerning old age pensions. Two—providing for federal aid to states establishing old age pensions and for an investigation of old age pensions—were introduced some time ago by Mr. Sirovich. The third, introduced by Hamilton Fish, Jr., provides for an investigation. In a statement Mr. Fish said, "It must be obvious to all thinking people that the old-age dependency problem in the United States is worthy of the most serious thought."

"In my observation the administration of old age pensions in this county has been highly successful," wrote the county judge of La Crosse, Wisconsin, to Senator Walsh, in a letter which the latter read to the U. S. Senate. "The proper administration of old age pensions ought practically to abolish the county almshouse." La Crosse is one of the six counties which have adopted the Wisconsin old age pension law.

An old age pension law in Oklahoma is a social need, declared W. A. P. Murphy, state labor commissioner, in his biennial report. Charity

A. I. C. P. Approves



A resolution urging action toward the granting of "allowances to aged persons from public funds" was unanimously adopted by the board of managers of the New York Association for Improving the Condition of the Poor at the board's January meeting.

It is thus evident that opinion favorable to this plan is growing among persons identified with charity organization and family welfare activities. The resolution follows:

WHEREAS careful studies of the problem of old age by various organizations interested in the subject disclose that there is a large number of needy aged persons in the City of New York who are not receiving the attention of either public or private agencies; and

WHEREAS the pressure on existing facilities for the care of the aged in their own homes and in organized institutions or homes for the aged is much greater than can be met by existing agencies with available appropriations and resources; therefore, be it

Resolved, that the board of managers of the New York Association for Improving the Condition of the Poor commends the Governor of the state for calling public attention to the matter and expresses to him and members of the state legislature, and to the Mayor and legislative and appropriating authorities of the City of New York, its belief that the facts with regard to the uncared-for dependent aged population are sufficiently grave to call for immediate consideration and for action looking towards the establishment of suitable public agencies authorized to grant allowances to aged persons from public funds.

is inefficient and unsatisfactory. The measure is needed to keep families together, said Mr. Murphy.

"There is in our city a shadowland where many old people suffer for want of food, shelter and clothing, to say nothing of other things held to be indispensable* * *. Many people see no answer to this question of protecting old age except by means of state or federal pensions; personally I am of that opinion."—*William H. Matthews, New York Association for Improving the Condition of the Poor.*

In commenting favorably on efforts to liberalize the federal civil service retirement law, a *New York Times* editorial on January 20 states: "The present allowance is plainly inadequate. A more generous provision would not only take the weight off the employee's mind, but improve the service by giving it greater stability."

"In effect, the compensation law provides insurance for workmen when they are unable, by reason of accident, to work. The state provides insurance for producers because it wants to get them back into production. It neglects the aged, because they never will produce again. That is a hard fact—and one that every citizen ought to feel ashamed of."—*The Portland (Ore.) News*.

Commenting on the first report of the Central Information Bureau for the Care of the Aged, a columnist, Margaret Mooers Marshall, in *The New York Evening World* writes:

"The crowning cruel irony of the whole situation

Is the homelessness of homemakers—

Is the tragic fact that women can work all their lives to make homes for others,

And be left in their old age without a home of their own—

Without even a bed in a wholesale institutional home * * *.

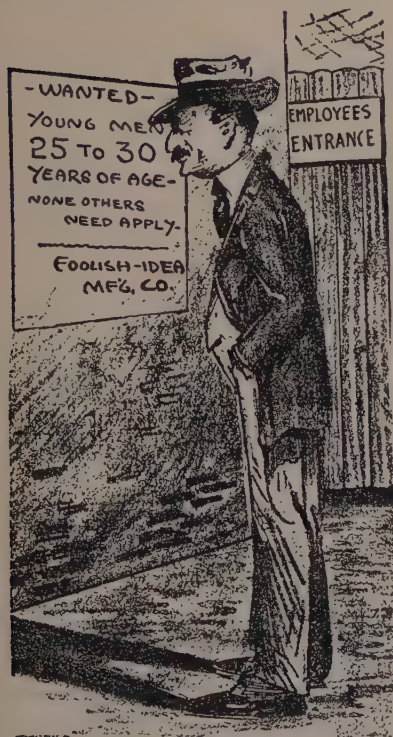
It seems to us that America, like England, may some day operate a system of old age pensions

Which will save much of such undeserved suffering."

"Industry takes account of the depreciation of equipment and provides a fund for its replacement when it is worn out; but only in recent years has serious attention been paid to the fact that the human machine also wears out and that society at large is responsible for its care when it can no longer function efficiently.

"The task is to abolish the fear of a gloomy adventure in the twilight of life and to substitute a definite provision that will lighten the mental load of the worker and enable him to concentrate cheerfully on his task."—*The Engineering and Mining Journal*.

"While I am a practical business woman with wide and valuable experience in accounting, I am relegated to enforced idleness because of an unfair, arbitrary age limit," states a letter printed in *The New York Sun*. "In matters purely decorative I grant it is the day of 'flaming youth,' but surely in business there is a place for the mentally alert man and woman whose misfortune it is to have attained the advanced age of fifty years."



—New York Morning Telegraph

“The Great Divide”

Cartoons of which the accompanying is typical are frequently appearing in the daily press, indicating the increased interest in the lower age limits imposed by some employers.



Old Age Pensions in Montana

(From *The Eagle Magazine*, January, 1929.)

“Opponents of old age pensions must take to their heels before the fresh flood of evidence from Montana that the payment of pensions is a far more economical way than the poorhouse system to care for worthy dependent aged. During 1927 the average cost of maintaining a person under the pension law was less than half what the state would have had to pay to maintain a dependent in a poorhouse.

“Under the poorhouse system, so the federal bureau of statistics determined after a careful survey, each inmate costs the state an average of \$344. Under the pension system, Montana, in 1927, paid an average of only \$166.52. This, it is important to note, is even lower than the average in Montana for 1925 or 1926. Does it look, then, as

if pension costs rise year after year, an objection which our opponents so lustily shout? * * *

"The saving is effected in a number of ways, as the Fraternal Order of Eagles has long pointed out. The counties are relieved of maintaining expensive buildings and grounds. They do not have to pay salaries to caretakers. Administration of the pension system can be placed in the hands of county officers whose time is not wholly taken with other official duties. The sick or mentally diseased can be cared for in hospitals equipped to give them the treatment they should have."

Old Age Pensions in Canada Prevent Waste

"Old age pensions are cheaper and safer than other ways of providing for old age," says Hubert R. Kemp, of the University of Toronto, in an article published in *Social Welfare*, December, 1928. "The Dominion of Canada has been offering annuities on a voluntary basis, to those who wish to buy them, since 1908. In 1924, after more than fifteen years, only 6,056 annuities had been purchased under this scheme and doubtless many of these had been purchased by persons who were in relatively comfortable circumstances. This Canadian experiment is confirmed by results in other countries which agree in showing that **the offer of annuities under a voluntary system is utterly inadequate as a protection against destitution in old age;** and the Canadian old age pensions act therefore contemplates a system under which contributions shall be compulsory and benefits open to all who need them. Such is the system which the provinces are now required to finance, if they wish to join in the Dominion scheme* * *.

"While the provinces are legally free to set up contributory plans, such a policy would probably be administratively impossible * * *. This method of collection is impracticable in the case of farmers, who form so large a proportion of the population of Canada. Only non-contributory schemes—that is, schemes supported out of general taxation—would therefore appear to be practicable."

Professor Kemp states that the total cost of old age pensions in all parts of Canada would probably be about \$2.50 per capita, or between 21 and 23 million dollars a year—less than one-seventh of the amount spent on insurance premiums in 1926 and six million dollars less than the customs valuations of distilled spirits imported during 1927. In estimating this cost the fact should be borne in mind that most of the dependent aged are cared for by relatives or charity and that pension schemes in the provinces would **"merely substitute a systematic and co-ordinated plan of relief for the present unsystematic one."**

Four Canadian provinces—British Columbia, Manitoba, Saskatchewan and Yukon—are now operating under the Dominion old age pension law.

Old Age Pensions in Alaska

IN 1927, twelve years after the original Alaskan Old Age Pension Law had been passed, 287 aged residents of the territory of Alaska received pensions amounting to \$66,430.¹ According to these figures, more than eight times the number of aged residents pensioned during the first six months of the law's administration were cared for during 1927, the last year for which figures are available. When one considers that the total population of Alaska was recorded as only a little over fifty-five thousand² in 1920, and that this amount has decreased considerably, these figures assume more impressive proportions.

The law, passed by the legislature in 1915 and subsequently amended in 1923 and 1925, provides that pensions not to exceed \$25 per month for men and \$45 per month for women may be paid to male applicants of sixty-five or over and female applicants of sixty or over, if they have resided in Alaska for fifteen consecutive years. Allowances are granted by the Board of Trustees with regard to the applicant's necessities and may, from time to time, be diminished or increased. If the beneficiary is in a position to support himself or herself, or can be supported by relatives, pensions are to be discontinued.

The table given below shows the total amount of pensions paid during 1915-1927 and the growth in the number of those cared for:*

Year	Number of Pensioners	Amount Paid
1915 (6 mos.)	35	\$1,116.00
1916	101	9,628.50
1917	148	16,173.00
1918	169	21,787.50
1919	137	20,241.00
1920	105	13,738.00
1921	122	14,776.00
1922	145	19,394.50
1923	189	26,725.00
1924	169	29,490.00
1925	224	45,027.50
1926	245	57,190.00
1927	287	66,430.00
Total paid during period		\$341,717.00

¹ Figures compiled by Office of Territorial Treasurer, Juneau, Alaska, July 19, 1928.

² Statistical Abstract of the United States, 1926, Table No. 5, p. 3.

* Compiled by office of Territorial Treasurer, Juneau, Alaska, July 19, 1928.

"WILLING—BUT UNHELPED"

A Word from Whiting Williams

Called to Santa Marta, Colombia, to study an outbreak of labor trouble, Whiting Williams, student of industry, expressed regret that he could not attend the annual meeting of the American Association for Labor Legislation in Chicago last December. He sent this word to the Association, however:

"I do want to express my deep interest in the establishment of some form of non-profit-making employment bureau calculated to make needless the unspeakable misery and dangerous bitterness of spirit now suffered by men thoroughly willing to earn an honest living, but unable and unhelped to find the opportunity.

"From all my studies and experiences among the workers here and abroad, I have no doubt whatever that lack of employment and irregularity of employment cause more demoralization of human fibre and more of the radicals' hatred of existing forms of government than all other causes put together.

"Certainly it is being seen that no government can rightly do its job unless it knows currently the real facts regarding employment and unemployment throughout the country, and experience indicates that such information is practically unfeasible except through employment agencies.

"From every point of view, therefore, it is to be hoped that such bureaus may become common, as the result of a practical get-together of impartial and broad-viewed representatives of employer and employee, as also of federal and local governmental authorities.

"More power to your elbow!"

Unemployment—The Price of Progress or the Sign of Decay¹

BY SAM A. LEWISOHN

FEW realize what a change there has been in the conception of unemployment. The other day in an archaeological mood, I ran across some rather interesting documents. For example the report of the Massachusetts legislative commission of 1895. The permanent measures suggested for relieving unemployment are strongly reminiscent of the old practitioner's blood letting. Here is what they include:

1. Removing the residents of the cities to the country and farms.
2. Removing the competition and hence displacement of free labor occasioned by the labor of inmates of reformatory and penal institutions.
3. Reducing the hours of a day's labor.
4. Restricting immigration.
5. Extending of industrial education.

F. A. Walker, who was the first president of the American Economic Association and one of the leading American economists of the 19th Century, said in discussing unemployment in 1899:

"The spread of intelligence, the general and technical education of the people, the promotion of habits of frugality and temperance, and not eight-hour laws, are the proper means for removing the painful congestions of labor, and for reducing to a minimum the evils of that spasmodic and intermittent production of wealth which characterize the industrial and commercial world of today, and which must continue to characterize the industrial and commercial world until mankind get ready to go back to hand-tools and to the petty neighborhood production of a former age."

The problem was regarded to a large extent as to what to do with the unemployables, the unfortunates and the mendicants. It was regarded as a problem of making work for tramps or making tramps work. It had the flavor of a branch of philanthropy and charity organization work. Interest was focused upon the psy-

¹ Address delivered at Chicago on December 27, 1928, as president of the American Association for Labor Legislation, at its joint session with the American Sociological Society and the National Community Center Association.

chology of the human unit from a behavioristic standpoint rather than upon the study of the more abstract problems of economics and industrial organization. An echo of this point of view is heard in W. M. Salter's suggestion in an article on "The Problem of the Unemployed" which appeared in a New England magazine in 1891. Mr. Salter suggested that "Cooperative colonies are the only permanent hope for the unemployed" and advocated "the removal of the surplus population and let them produce for their own needs." Another example of this approach is the suggestion of John G. Brooks, in a symposium in the proceedings of 1894 of the American Academy of Political Science on "The Future Problem of Charity and the Unemployed" which proposed the following as items in the treatment of unemployment:

"Trade schools (agriculture included) to which those can be sent who have accepted the tests and proved their willingness, but lack of skill and capacity.

"Places of discipline and training (farm colonies and workshops), to which those who are able, but deliberately refuse to work, can be sent as to a prison, where they shall be kept until they prove their willingness and ability to earn an honest livelihood."

These illustrations of earlier attitudes seem very naive and bizarre to us today. They indicate how crude was the conception twenty years ago of what is the background of unemployment and what a distance we have travelled to even the present meagre grasp of the problem. **Today we are beginning to get an inkling of how complex and varied are the processes from which unemployment appears as a by-product.** There is justification in our belief that we are more sophisticated in our understanding of the problem, but even today we are guilty of crude simplifications in our conception of it.

For example, it is popular today to dramatize, every so often, in a journalistic spirit, some particular factor among the causes of unemployment. Naturally the time chosen for such emphasis is usually when the factor in question is temporarily a particularly active one. For example, it happened that a few months ago in the unemployment then current we saw largely the results of a healthy acceleration in changes in processes, greater efficiency, a more intensified use of labor saving devices, perhaps also a change in products. So we have been hearing a great deal about the in-

fluence of mechanization on unemployment, the so-called technological unemployment. Many talk as if this kind of unemployment were a wholly new phenomenon—forgetting that it is a constant process in a growing industrialism though it becomes more pronounced every so often. At other times one would think that the only type of unemployment were seasonal unemployment—and then again the fashion changes and we hear about nothing except cyclical unemployment—as if that were the sole variety (to make an Irish bull). Every few years there seems to be a different fashion in labelling the germ that is supposed to be the cause of unemployment.

Now it is all very well for the sake of calling peoples' attention to unemployment to bring one aspect in the foreground and make it fill the picture, but it has its dangers if we do not keep the whole setting in mind. We are apt to treat it too often in a superficial manner—to go after one aspect of unemployment and neglect the balance. In concentrating on one flank there is a danger of our forgetting the broad front. There is danger of our overlooking the fact that **unemployment is not due to any one cause but may crop up from any one of a number of causes.** This has been the difficulty with writing books on unemployment. It is something like a medical man endeavoring to write a book on rashes or a psychiatrist endeavoring to write a book on manias. For unemployment, like a rash, is a symptom which may be the result of very diverse causes. At times the causes may be antithetical. A rash may be due to a healthy condition like sunburn or an unhealthy condition like a hyperacidity. So unemployment may be due to good management which causes technological unemployment or to bad management which creates seasonal unemployment. It may be due to a temporary and superficial situation like the conditions created by the change in the Ford model last fall, to deep lying recurrent fevers like cyclical disturbances, or to an acute situation due to a fundamental change in national economy such as has taken place in England or Austria. It may be the **price of progress** or the **sign of decay.** At one place and time it may be a sign of a nation's economic deterioration and at another it may be the by-product of fundamentally healthy national "growing pains" such as the improvement in industrial processes which has recently taken place here. It is usually difficult to

be certain whether a longshoreman's being out of work is due merely to a failure of a single industry to regularize its casual work, to a business depression, or to a long-time change in the course of trade.

And then, of course, we can never be sure which is cause and which is effect. For example at any particular time it is difficult to be certain whether unemployment is the result of a business recession or a business recession the result of unemployment.

It is in no academic spirit that I emphasize the necessity of an understanding of the complexity of the underlying causes. The crude over-simplification of the problem in the past led to an unfortunate result. Those who were interested in meeting the problem divided themselves into two camps. On the one side were those who thought that all that was necessary to solve the problem was to apply direct relief to the symptoms in the form of some simple home remedies of the nature indicated in the opening illustrations. In the other camp were those who, believing that unemployment was due to some obscure inevitable disease, felt that the only possible course was to await the finding of some specific radical cure. Unfortunately, even today among those who recognize the complex character of the unemployment problem, there are many with an exaggerated notion of the difficulties who have been pessimistic of the possibility of any control at all, and have dismissed the subject with a fantastic shrug of the shoulders. They are apt, rather cynically, to sum up the situation by saying that "one cannot cure earthquakes with pink pills."

The modern viewpoint is that at one and the same time we should recognize the complexity of the problem and attack it in every situation where it shows its head.

Avoidance of unemployment, so says the scientific and humanitarian spirit of the day, is to be regarded as a moral necessity in every economic situation in which the danger of unemployment manifests itself in the hope that in each case this moral necessity may be the mother of invention.

The prime requisite is to keep in mind not merely that unemployment is an obvious social indecency but also that it is susceptible of control by an attack upon the underlying situations, or if not susceptible of complete control surely of being mitigated to a larger extent. As a consequence there will be a

moral pressure upon those engaged in the many phases of our economic activities, both as doers and thinkers, constantly to exercise their ingenuity to avoid it. For though from a scientific point of view unemployment is a symptom, from an economic point of view it is a waste and from a social point of view it is a tragedy.

One result of the realization of the complexity of the problem is seen in the diverse character of those called upon to exert their influence in preventing or mitigating unemployment. It has never been found that the control necessary to obviate or avert this social blight of insecurity must be exerted in many unexpected quarters. Men in many different walks of life are drafted to do their share in solving this problem where the faulty working of the particular activity in which they are engaged creates or adds to unemployment. It is usually merely a logical extension of their routine duties. The financier, the business executive, the operating manager, the economist, the sales manager, the public official, the engineer, the trade-unionist, the social worker: each one today is called upon to assist in meeting the problem. The financier through sound credit control of individual concerns can assist in preventing over-expansion, and generally exercise his influence in **stabilizing business trends**. The production executives and sales managers can collaborate in regularizing the operations of each individual business and in **minimizing seasonal unemployment**. The leading executives in an industry can co-operate to **stabilize the particular industry**. The public official can work out a system of using public fiscal policies whether they be **public works or other measures to make slumps in business less poignant and less severe**. The economist can influence commercial trade policies. The personnel manager can prevent the unnecessary turnover that creates "transitional" unemployment by absorbing men discharged from one department of a plant into another department of the same plant. The trade unionist can, as many union leaders have, both exert pressure in insisting upon the stabilization of particular industries, and actively co-operate in evolving plans whereby unemployment will be minimized. The social worker can demonstrate the tragic consequences of unemployment and solve the problem of **turning unemployables into employables**. All hands

can co-operate in working out an adequate system of nationwide employment bureaus to make our economic "growing pains" less unpleasant.

This is an odd assemblage of specialists if compared with general practitioners whom we were formerly accustomed to rely upon in meeting this problem. Progress in grappling with unemployment will be achieved by an attack on each particular situation which directly or indirectly has an influence in causing unemployment. In other words, as in the case of other problems, the principle of specialization must be applied.

At the same time we must avoid the danger inherent in all specialization. "Over-simplification," as Napoleon once said, in framing his code, "is the enemy of precision." It is essential that the effort in any particular direction be seen in its relation to all the other efforts. The situation must be grasped in its wider as well as in its more immediate aspects. As an illustration, there is much discussion at present of concentrating public works in times of unemployment. This is a direct effort to treat the symptom, and it is true that when we are in the throes of a depression, and have an immediate situation before us, it is vital to have resources available in the form of public works to alleviate it. On the other hand the larger problem may be to stimulate public works just before the depression so as to prevent the occurrence.

The danger in too much emphasis on any one factor in meeting the unemployment situation is that it may divert attention from this consideration of the lessening of unemployment in the course of the routine of our daily industrial life. We should regard the unemployment problem as a broad problem of economic hygiene.

We have national safety week, health week; why not national unemployment week. It is hardly necessary to add that I am not making this as a serious suggestion for practical consideration—I make the suggestion to illustrate the spirit in which the unemployment problem should be approached. It is a problem that should be appreciated not by a small group of professional economists but also by a wide circle of men in active life. It must be taken into consideration as a logical extension of their routine duties whether they be business men, social workers or government officials.

Any survey of the problem must lead to the conclusion that as a by-product of many different situations in our complex life a certain residuum of unemployment is non-preventable. Just as a certain residuum of disease and fire destruction is non-preventable. Therefore while we improve the technique of prevention we cannot afford to wholly neglect remediable measures. We must have fire engines and fire insurance as well as fireproof buildings and automatic sprinklers. The unemployed like the poor we have always with us. **Some form of unemployment insurance either by the individual employers, by coverage with large insurance companies or mutual insurance under state legislation ultimately must be worked out.**

But in the meantime we are faced with the preventive problem. As the foregoing analysis has shown, the responsibility for controlling unemployment lies with many diverse groups, business, political and professional. The action of the members of these groups determines whether unemployment shall be lessened or increased. Therefore it is essential that they be made alive to their responsibilities. Employers particularly should be awakened to the part they can play in meeting the problem. For they are closer to its direct manifestations than any other group and thus have a peculiar responsibility for leadership. But the members of the other groups must not fail to do their share in meeting the problem.

In this country we have been blessed with a long era of unprecedented economic well-being. We have made great economic improvements. We have the facilities for educating the whole country and stimulating it into action. Now, if ever in our history or the history of any country, is the time for real progress in the treatment of the problems of unemployment.



Bills to strengthen public regulation of fee-charging employment agencies are pending in several legislatures, including those of Minnesota, Ohio, Colorado, Iowa, Michigan and New York.

A "Smoke Screen" Pierced

"SMOKE SCREEN," says *The Industrial News*, of Lansing, Michigan, referring to sudden legislative activity of private employment agencies in that state. These agencies are introducing a bill to regulate themselves more strictly! This arouses the amusement of the *News*.

In other states, too, private employment agencies have tried to block official effort by a special brand of regulation of their own. The only trouble is that their brand doesn't regulate. For example, in Michigan they do not suggest that they return fees if they don't really get jobs for people. Instead, they propose that supervision of themselves be taken out of the hands of the State Department of Labor and Industry and placed elsewhere—on the pretext that the public employment bureaus maintained by the Department, compete with them! The *News* pierces the smoke screen. It says that the real reason the private employment agencies want supervision transferred is that the Department of Labor knows a great deal about industry and is able to make its supervision pretty effective. We suspect that the *News* has hit the nail on the head.

In 1928 the Department of Labor of Illinois forced private agencies to refund \$12,427.75 to needy persons from whom they had collected fees but for whom they found no jobs; perhaps they fear the Department of Labor of Michigan will render similar service.

~~~~~  
A MATTER which should seriously concern the legislatures now in session is the strengthening of the free public employment offices. Private agencies have many faults. As pointed out by the American Association for Labor Legislation, they are likely to misrepresent the jobs offered, they may charge exorbitant fees, they encourage labor turn-over because that means more business for them, they sometimes promote immorality. Since they deal with the weakest class in the community, they are always tempted to engage in exploitation. A decision of the Supreme Court in 1928 (*Ribnik v. McBride*) took from the states the right to limit the fees of the private agencies. Public competition, however, is entirely lawful. Public agencies are highly desirable on other grounds. They lay the basis for a standardized and coordinated system by which we may learn the facts about unemployment and handle it intelligently. Yet thirteen states have no public office and there are only 170 public exchanges in the whole country. In the last fiscal year the total funds available for them amounted to only \$1,403,906—less than the cost of one cruiser. Mr. John B. Andrews is right in saying that the public employment service is starved.—*The New Republic*.

# Public Work as a Prosperity Reserve

By FRANK G. DICKINSON

*University of Illinois*

SINCE the World War there has been an enormous increase in the volume of public construction. This is largely responsible for the new emphasis upon public work as a remedy for unemployment, though that remedy has often been mentioned before. In 1919 the value of contracts let by various local state and national officials was estimated at \$674,000,000;<sup>1</sup> by 1925 the amount was \$1,283,000,000, or almost a 100 per cent increase within six years; the total for 1928 will doubtless approach one and a half billions.

The mere size of this public work fund suggests the possibility of using it to stabilize employment.

Additional emphasis upon this method of preventing unemployment was given by Governor Brewster's announcement of President-elect Hoover's plan for a three billion dollar construction reserve. Although the statement was lacking in detail, we gained the impression that our new President will maintain a reserve of federal construction work to be performed during periods of depression in the customary way. There is no suggestion that the "government go into industry"; rather Governor Brewster's remarks indicate that most of the government work would be let to the lowest bidder among private contractors as the usual custom has been.

Three billion dollars of construction is almost one hundred times the average annual volume of contracts let by the federal government. We are not informed as to the new projects contemplated by the President-elect to form this huge reserve. Perhaps it includes co-operation by local and state officials who let 98 per cent of all the public work contracts. Assistance of the various states might be partially secured by refusing federal hard roads aid<sup>2</sup> except in times of widespread unemployment. Doubtless a more complete explanation will be forthcoming soon after March 4th.

---

<sup>1</sup> Dickinson, F. G., "Public Construction and Cyclical Unemployment," *The Annals of the American Academy of Political and Social Science*, Vol. CXXXIX, No. 228, September, 1928, Supplement p. 3.

<sup>2</sup> During the fiscal year ending June 30, 1928, this total exceeded eighty million dollars.

Another question concerning this Hoover plan is whether a three billion dollar construction reserve is sufficient to stabilize employment and iron out the fluctuations in business and industrial activity. With our annual national income ranging well above the sixty billion mark, this public work reserve might seem only a drop in the bucket. Such observation greatly underestimates the stabilizing power of this proposal. Its real lifting power can be appreciated by a study of just what such a plan would have effected over a period of years.

### Applying the Hoover Plan

The seven years following the Armistice are good for this purpose. Those years (1919-25) witnessed a phenomenal expansion in both public construction and private business activity. Industrial development was very rapid as soon as the necessity of winning the war was over. Most of you will recall the hectic market prices and business methods prevalent during 1919 and most of 1920. Anybody could sell anything provided he could assure deliveries of merchandise. It was truly an era of frenzied prosperity.

And then the crash came! The two following years of 1921 and 1922 were characterized by depression, the inevitable aftermath of frenzied prosperity. Something akin to a boom was experienced in the recovery of 1923, followed by two average years, 1924 and 1925. The index of factory employment began with 105 in 1919, rising to 108 in 1920, followed by 86 and 95 for the two lean years. The index again reached the high level of 108 in 1923, followed by 99 and 100 for the last two years.<sup>3</sup> These index numbers have as their base 1919-25. Average equals 100, so that all years having an index of employment greater than 100 are above average.

It is interesting to note that the peak of prosperity is only eight per cent above the average and the depth of depression 14 per cent below.

Only factory employment (and unemployment) has been the object of stabilization in this study because of the scarcity of data on non-factory employment. This limitation, however, is not as serious as might appear. Factory employment is the most sensitive to fluctuations in business activity. We have discussed this point

---

<sup>3</sup> Dickinson, F. G., "Public Construction and Cyclical Unemployment," *The Annals*, Vol. CXXXIX, No. 228, September, 1928, Supplement p. 7.



in another connection<sup>4</sup> by quoting from W. I. King's "Employment, Hours and Earnings in Prosperity and Depression, 1920-22." According to this study there were 28,051,500 persons employed in 1920 in all enterprises as compared with only 24,819,500 in 1921. This is a decrease of 3,232,000.

How many of this number were factory employees? In 1921 there were 8,707,250 factory workers as compared with 11,090,000 in 1920, which is a decrease of 2,392,750 and comprises 73 per cent of the total decrease (3,232,000) for all enterprises and industries.

This study of Dr. King's suggests that stabilization of factory employment is 73 per cent of our task. This proportion may have been peculiar to the depression of 1921 and may never be experienced again. So we shall be conservative and say that **fluctuations in employment among factory employees constitute about two-thirds of the fluctuations among all employees.**

As already noted, the value of public construction contracts rose from \$674,000,000 in 1919 to \$1,283,000,000 in 1925. This growth was rather steady and was almost immune to the business cycle. Our problem is to find ways and means of increasing employment in the lean years ('21, '22) and decreasing employment in the good years ('19, '20, '23). This can be done by shifting the public construction from one year to another.

We pause to remark that this shifting of public work from year to year is one of the most admirable features of the Hoover plan. It has been well said that the "only way to prevent depressions is to prevent prosperity." **This shifting of public construction out of the prosperous years would make prosperity less rampant and less productive of depressions.** In other words, this Hoover plan kills the two birds with one stone.

We find that the employment index for 1921 was 86, or 14 per cent below the average of the period. Enough public construction must be shifted into 1921 to raise the employment index to 100. We assume, with some precedent, that 80 cents out of every dollar paid in construction contracts goes into the pockets of wage-earners within the year.

The factory wages paid in 1921 were \$8,202,000,000, with employment only 86 per cent of the average of the period. This would require an increase of about one and one-third billion dollars in

---

<sup>4</sup> Ibid., p. 7.

wages paid factory workers, or on an 80 per cent basis, an increase of one and two-thirds billions in the value of public construction contracts let. Therefore, we have recruited \$1,668,000,000 public work from 1919, 1920 and 1923 for this lean year of 1921. This raises the employment index for 1921 from 86 to 100, and, what is just as important, it lowers the employment for 1919 and 1920 to 100.

We then made similar calculations for the other two years below average, 1922 and 1924, with the result that the employment index for each and every year was 100—the average for the seven-year period. Perfect stabilization of employment was achieved by shifting \$2,366,000,000 of public construction contracts from the good years into the lean years. No shift was for more than two years.

Combining this statement with the analysis of Dr. King's data we add that **if shifting two and one-third billions of public work would have stabilized factory employment—two-thirds of the whole—a shift of about three and a half billion dollars of public work could have stabilized all employment.** This is on the basis of conditions existing in 1919-25. Probably four billion dollars would be necessary for the period 1929-35, because of the increase in population and other factors of growth.

We, therefore, suggest that President-elect Hoover find ways and means to increase his prosperity reserve from three to four billions. There are errors in our estimate but not sufficient to affect materially this estimate of four billion.

### **Effect Upon Cost of Shifting Construction**

The taxpayer always wants to know how proposed legislation is going to affect the expenditures of the government. Unlike many persons who favor the long range planning of public work, we find nothing indicating reduced costs of construction. The whole program must be urged upon the grounds of stabilizing employment. Every plan that stabilizes employment will also tend to stabilize sales, production, and consumption; in fact, the whole business and industrial world will be benefited. Those benefits are worthwhile even if they cost the nation something.

The *Engineering News-Record* calculates a weekly index of construction cost which is indicative of changes in cost throughout

the whole country. Reducing the base to 1919-25 average equals 100, we find that costs were below average in 1919, 1921, 1922 and 1925. Hence, these were the most economical years for public construction from the taxpayers' point of view. Costs were slightly higher in 1921 than 1919. Hence all construction shifted from 1919 into 1921 involved an increased cost to the public; but all contracts shifted from 1920 and 1923 to 1921 would have resulted in decreased cost. The net effect of all the shifts was a decrease in cost of less than five per cent. It should be noted that the year of greatest unemployment (1921) came one year ahead of the period of lowest cost (1922).

In addition to changing prices of materials and labor, the interest rate variations affect the cost of public works. Unfortunately, interest rates on municipal bonds were highest in 1921.<sup>5</sup> The taxpayers want the bonds sold when interest rates are lowest.

This scarcity of capital for investment in municipal bonds might have been remedied by the improvement in commerce and trade resulting from the great increase in public construction. Steel mills, cement mills, lumber companies, and other firms would have excess funds to invest in public bonds. Thus, the situation would provide its own remedy to some extent. Yet, this estimated saving of less than five per cent. would doubtless be wiped out by increased financing cost. The situation would be greatly improved if little time elapsed between the sale of the bonds and the letting of contracts. Of course, those public works financed by receipts from taxes instead of bond sales would not have been affected by the cost of financing.

So our conclusion is that **this plan would probably cost neither more nor less than the present method of letting contracts.**

### **Effect Upon the Building Industry**

What effect would the suggestions of Mr. Hoover have upon the building industry? If the period 1919-25 may be taken as an indication, the sole effect would be to enable the volume of construction (both public and private) to reach a minor peak earlier. The construction industry just grew during these seven years.

---

<sup>5</sup> *Ibid.*, p. 14.

Doubtless, some difficulty would have been experienced in 1921 in recruiting a large supply of skilled labor and a sufficient quantity of capital equipment. Because of the use of much unskilled labor in hard road construction this obstacle would not have been insurmountable.

When should construction be expanded? How would the government know when a depression was just over the hill? There is no need for forecasting knowledge or the miraculous gift of prophecy. It would be necessary to **improve the rapidity of gathering employment statistics and include more employments within their scope.** It would be necessary to warn the proper public officials when the employment index had fallen four or five points below the average of the preceding half dozen years. Likewise, all possible public construction would cease whenever the employment index was four or five points above the average.

### Conclusion

The question of stabilizing employment is also the problem of stabilizing production and consumption—in fact, all business activity. The twentieth century can make no greater contribution to progress than the conquest of these persistent fluctuations in employment. The evils of unemployment are well known and deplored by everyone. Yet we fail to make use of a remedy near at hand.

**Let us hope that Mr. Hoover's administration will demonstrate that a nation can be the master of its economic destiny and that these ever-recurring periods of joblessness will be prevented.**



Because of widespread unemployment which exists in the United States today, in spite of our boasted prosperity, the conference on unemployment, which occupied a part of the attention of the convention of the American Association for Labor Legislation, was of deep interest to all who are interested in the successful operation of industry generally. Many thousands of men are out of work for one reason or another. In some industries wages are high for those who are employed, while the thousands of unemployed have no wages at all. In other industries, notably bituminous coal mining, not only is there a wave of unemployment, but the wages of those employed have been hammered down to lower levels. The story of the meeting in Chicago is worthy of attention.—*United Mine Workers Journal*.



# A Decision in the Light of Fact

BY HERMAN OLIPHANT

*Johns Hopkins University*

THE United States Supreme Court, by a vote of six to three, has cut out the ground from under the elaborate legislative and administrative structures carefully built up in many states for handling the evil of private employment agencies by limiting fees charged by them. (*Ribnik v. McBride*, 48 Sup. Ct., 545.) These agencies present an acute and distressing social problem.

The majority of the Court, speaking through a brief opinion by Mr. Justice Sutherland, disposes of the case with the following crucial sentence: "While we do not undertake to say that there may not be a deeper concern on the part of the public in the business of an employment agency, *that business does not differ in substantial character from the business of a real estate broker, ship broker, merchandise broker, or ticket broker.*"

In view of the prior decisions, the part of the foregoing sentence here italicized is the crux of this whole matter. What the Court says is that there are present here no factual differences of substance bearing on the propriety of regulating the charges of employment agencies.

If a group of experts in the field of business economics should announce to the country that a fee simple absolute does not differ in substantial character from an estate in fee tail, that statement would not strike lawyers and judges as being any more extraordinary than students of business economics must consider the foregoing italicized statement of the majority of the Supreme Court. Not the least extraordinary thing about this statement is that it is made without any reasons being assigned to support it. Mr. Justice Stone, in one of the most masterful opinions which have come from any of the members of the Court in recent years, points out its obvious fallacy.

If this decision rests, as it apparently does, on the truth or falsity of this italicized statement, it is a challenge to the academic world fully to ascertain the facts as to whether there are any substantial differences justifying the regulation of employment

agency fees and to make those facts known. The Supreme Court has, in the past, reversed itself when there was called to its attention considerations which it had not weighed when taking its prior position. While the United States Supreme Court is, in one sense, the court of last resort in this country, in a very real sense an appeal lies from it to the forum of scientific research.

We shall have to wait for a considerable time before there comes from the Supreme Court a decision from which an appeal to that forum is more urgently needed and more likely to succeed.



—Hungerford in the Pittsburgh Post-Gazette

### The Food Administrator

There was immediate response in newspaper editorials and cartoons to the announcement broadcast from the Conference of Governors, in November, that Herbert Hoover proposes a "three billion dollar reserve" for public works, to "stabilize employment."

# Germany's New Unemployment Insurance

BY MOLLIE RAY CARROLL

*Goucher College*

(EDITOR'S NOTE: Professor Carroll's account of the new German unemployment insurance system, which she studied intensively during the past year in that country, was an interesting feature of the recent annual meeting of the American Association for Labor Legislation, at Chicago. Especially significant is this recent adoption of national, compulsory unemployment insurance, following half-a-year's official study of the operation of the British system, which, in the opinion of Miss Carroll, has been improved upon by Germany.)

THE German Employment Exchanges and Unemployment Insurance Law of 1927 contains several important modifications as compared with other systems, and particularly with that of England, the prototype and, also, the other country of large-scale industrial operations that has national unemployment insurance. The administration of the employment exchanges and that of unemployment insurance are, in the German scheme, integrated into one unit. The financial support is different from the English, as is also the rate of benefits.

Public acceptance of a national system of unemployment insurance in Germany is itself a post-war product. Before 1914, public opinion in that country was pretty solidly against such a measure. Many cities had established fairly successful measures to relieve unemployment, and these followed either the Cologne System, in which the municipality bore the major financial responsibility, or the Ghent System, which practically subsidized trade union effort to care for its members who were out of work. Employers and public authorities tended to favor the former and trade unions, the latter measure; and few people saw the solution in national assumption of responsibility and control of the problem. This attitude was prevalent in spite of the already existent national system of health, invalidity and old age insurance, which, originally promoted largely in order to fight trade unionism and socialism and therefore bitterly fought by labor, had been accepted by the working classes also, as they saw its advantages to themselves.

War time necessities brought about the centralization of resources under control of the national government and acceptance of federal activity in branches hitherto jealously guarded by local interests.

The armistice resulted in demobilization of millions of soldiers, many of whom had been exposed to bolshevik propaganda while prisoners of war in Russia. Great numbers of war workers were also discharged. The whole civil population was gaunt from the hunger blockade of 1918. The revolution with its resultant overthrow of the monarchy was inevitable.

The remarkable thing was the orderliness of the change to democracy. The Weimar Constitution of 1919 was not a red sheet, but a sound and stable, almost too conservative document. It placed labor under the special care of the new federal government and gave the franchise to all adults. **The relative calmness of the whole procedure in view of the tenseness of that period throughout the world has been generally attributed to the existent system of social insurance, which gave the workers a vested interest in the state.** Within a few years of this disturbance came the inflation, followed by stabilization, which was almost as disastrous. In 1926 rationalization, the German counterpart of our scientific management movement, caused further disorganization of industry.

All of these experiences affected unemployment, which rose to such proportions that in 1919, 1924, 1927 and 1928 over a million persons received unemployment assistance monthly during the winter peak of enforced idleness. In the first quarter of 1926, the monthly figures of persons granted unemployment assistance exceeded two million, or nearly one in thirty of the entire German population.

In 1918, to meet the problems of returning soldiers, the Federal Office for Economic Demobilization issued orders requiring the localities to give unemployment relief to those in necessitous condition as a result of the war. These temporary orders were continued until 1924, when a federal unemployment relief measure was finally passed. Payment of contributions to the fund, in this act of 1924 was made compulsory upon employers and workers, but receipt of assistance was limited to those in necessitous condition because of unemployment. The measure was unsatisfactory and was recognized as a temporary expedient, affected by the recent problems of stabilization. Meanwhile, in 1922 national employment exchanges bill had been passed and was functioning rather satisfactorily.



The events of 1926 caused a request to be made of the Ministry of Labor by the existing government that a preliminary bill on unemployment insurance be drafted by the experts in the Ministry dealing with this problem. The result was their third draft of such a bill, for a similar request had been made in 1922, but the act had failed to pass; and their second scheme, with some modifications, had become the law of 1924. Before drawing up this bill, some of the most experienced members of the staff spent six months in England, studying the administration of the law there. The preliminary draft went to the Reichsrat, which is the representative body of the separate German states; the Reichswirtschaftsrat, which is the Federal Economic Council, composed of representatives of employers, workers and various public groups; and the Reichstag. The Reichswirtschaftsrat has no voting power, but has the privilege and duty of making recommendations on matters effecting the economic interests of the country. Each of these bodies returned the bill with suggestions for alteration. Presented to the Reichstag in December, 1926, it became the subject of six months' furious debate. Greatly modified it was finally passed by 356 votes out of 419. Its enactment was attended by wide public discussion in the newspapers and by its subsequent large acceptance on the part of employers, workers and the public.

The great source of discussion of the draft of the bill lay in the plan of relationship between the employment exchanges and unemployment insurance. The original scheme proposed had conceived two separate organizations. The exchanges, mainly state administered, were to be rather loosely federated into a national system. In addition to their placement functions, they were to have considerable local responsibility in decision concerning eligibility to unemployment benefits. A somewhat similar form of organization was to handle unemployment insurance. A federal equalization fund was to receive the surplus of state funds in cases where contributions exceeded payments made, and was designed to provide funds for times or localities in which the demand for money for benefits outran the income.

The clumsiness of this dual form of machinery became apparent in the discussions of the Reichstag. Indeed, it has been suggested in some quarters that the plan for separate organization of placement and insurance was carried to its

logical conclusion in the proposed bill in order to expose its inadequacy and bring about discussion and suggestions relating to a combination of the two. Whether this be true or no, discussion in the Reichstag was largely devoted to organization. **The result was not only the unification of the administration of both services, but emphasis upon national organization, a central, autonomous body being created to conduct the work.**

In this amalgamation of exchanges and unemployment insurance, first emphasis was laid upon placement and benefits were to be paid only after all efforts to find a person work were exhausted. **The peculiar advantage from the standpoint of insurance lay in the facilities offered for checking capacity and willingness to work.** Some fears were expressed by the well-established exchanges that the necessity for testing ability and willingness to work might interfere with the best functioning of the placement service and that detective methods established for discovering fraudulent applications for benefits might affect the entire method of approach of the exchange to its clients. It was also said that the necessities of the insurance funds would lead the placement officials to give preference to the unemployed who were recipients of benefits. Time is, of course, too short to make definite pronouncement upon these matters but the German authorities are thoroughly alive to such possibilities and are seeking to prevent them from arising. The English experience, moreover, leads those in charge of administration of the law in Great Britain to feel that **the exchanges gain far more than they lose through the fusion of the two services.**

Unification of administration of the exchanges and insurance results also in support of the placement work by the unemployment insurance funds. This plan was justified because of the constructive part that finding positions for people has in a scheme for caring for the unemployed. It is in line with the whole policy of German social insurance, which lays first emphasis upon preventive measures.

The other departure of the German law over previous unemployment insurance legislation lay in the financial arrangements. **The German law secures support for unemployment insurance through the compulsory contributions of employer and worker.** These shall amount to one and one-half per cent of wages

paid by each side until a reserve is established sufficient to care for at least 600,000 unemployed for three months. Then the rates of a district may be lowered. There is no provision for reduction of rates to individual industries or establishments, and this is by design. **The state does not contribute to the regular unemployment insurance fund.** It does provide money for maintenance of the insured unemployed person's contributions in other forms of social insurance and for certain types of effort to promote public works to give employment to those otherwise out of work. Sums are granted by the federal and local government, also, for emergency unemployment relief, a form of aid allowed those who partially but not wholly qualify for benefits. Either they have not fulfilled the requirement of twenty-six weeks of employment in a compulsorily insured occupation within the previous year, or they have exhausted their claim to benefit, which normally ceases after twenty-six weeks of its receipt.

In the plan for payment of benefits Germany has, in the opinion of the writer, made distinct progress over other patterns of unemployment insurance, and particularly, perhaps over the English. The British system allows a flat rate to all unemployed. It is based upon estimates on the cost of living, but is very low, so as not, supposedly, to tempt people to remain idle and live on their benefits. The German unemployment relief law was similarly designed. Rates of assistance were scaled according to locality classifications based upon cost of living, and aid was intended to meet purely necessitous condition.

The German law of 1927, however, much more nearly approaches the conditions of genuine insurance than do these others. As compulsory contributions are based upon the wage rate, so are benefits. They are not, however, a flat percentage of the wage. Instead, members of the unemployment insurance fund are classified into eleven groups, according to their average wages for the three months just previous to the loss of the job. For each group a representative wage is then set. For the lowest wage earners, those receiving up to ten marks a week, the representative wage is eight marks. For the highest, those receiving over 60 marks, it is 63 marks. For the others it is approximately the mid-point of the class, but an even figure. Rates of benefit are then calculated as percentages of the representative wage. They

are not uniform throughout, however. The standard rate in the lowest wage class is 75 per cent of the representative wage, while it is only 35 per cent for the highest. Further, an additional family allowance is granted to persons with dependents, which may reach as a maximum, 80 per cent of wages for the lowest class and 60 per cent for the highest.

The result is a scheme that does not adhere solely to the principles of insurance, nor to those of cost of living. It approaches the insurance principle as nearly as conditions seemed to permit. For the lower wage classes benefits are not sufficient to cover the cost of living. They are lower than the budget allowed by the public welfare agencies; and the relief societies must put in supplementary aid in many cases. The lowest four groups comprise, however, mostly apprentices and women home workers. While the wage rates for these persons are very low, it is hardly the function of the insurance system to correct that evil. A comparatively small proportion of them have dependents. The consequence of the percentage basis of granting benefits seems from the writer's experience with the brief first year of operation of the law of 1927, to be quite definitely the discouragement of desire to remain idle and to live on unemployment assistance. There was some complaint of such attitude under the law of 1924, though the writer was unable to trace any specific cases in point. **The newer system seems to eliminate incentive to evade work.**

The lower percentage rate of benefits for the higher wage classes was adopted largely because the same rate would have considerably increased the amounts of contributions required for support of the system, and all sides, including the higher wage earners, agreed that the lower rate of benefits was preferable. This whole machinery of wage classification the Germans admit to be clumsy. It has, however, more flexibility than the scope of this paper gives time to recount. Moreover, it seems effective, not only in providing some real assistance to the unemployed, but in discouraging misuse of the system. **The method of paying benefits according to rates of wages combined with the administrative machinery that links placement and insurance give promise of really constructive addition to our measures for assisting unemployment.**

Germany, like England, faced with long-continued unemploy-



ment, must also meet the needs of some who are unwillingly out of work for such long periods that no insurance system can carry them. The German emergency unemployment relief is perhaps something like the system of extended benefits which formerly obtained in England, but which has now been abandoned. The German system makes a sharp distinction between this form of aid and bona fide unemployment insurance. The problems involved in administration are rather intricate. Perhaps the greatest danger lies in the possibility of political manipulation of the funds. In the opinion of the writer, however, the English have not improved their system by dropping the distinction between the short and long-time unemployed and prolonging to considerable periods of time the receipt of regular insurance benefits. Both countries, nevertheless, are grappling with unemployment of a magnitude of which we can hardly conceive:

Perhaps a brief account of Germany's experience with **public works** is in order. Brief summarization of that experience during the difficult post-war years will, perhaps, serve to give basis for the present attitude. From 1919 to the end of October, 1921, it has been estimated that about 850,000,000 marks were spent for loans or subsidies to public works undertaken to give occupation to the unemployed. These funds were granted only in cases where the enterprise would otherwise not be carried out, and not to those which would be undertaken regardless of outside assistance. Of this sum, approximately one-half was paid by the Reich, one-third by the states, and one-sixth by the localities concerned. The amount, however, is difficult to interpret as the mark, during this period, was already depreciating. About 390,000 persons, however, who would otherwise have been in receipt of relief, or about three-fifths of the assisted unemployed were set to work. The average length of time for which each individual was occupied upon public works was between four and five months.

After stabilization a more definite plan was formulated for making loans or subsidies to what was technically known as "productive unemployment relief." The inflation period had encouraged the spending of money, but stabilization made the state as well as private citizens look more carefully to its funds. According to executive orders, which were embodied in modified form in later legislation, money was loaned from the unemployment relief funds

to enterprises undertaken for the purpose of giving work to the unemployed. Work was favored that promised to increase the national output of foodstuffs, raw materials or commodities required by industry, that required a large amount of man-power and a relatively small expenditure for material, that was expected to lead to better distribution of labor or the creation of fresh opportunities for work. Additional sums were to be granted from public moneys in localities where the unemployed numbered no less than twenty per thousand of the population and where at least 2,000 days of work would thereby be provided.

When the peak of assisted unemployed exceeded two million persons in 1926, the German government appropriated over 700 million marks for railway construction, the postal service, canals and waterways, and the construction of dwelling houses. This money provided only for catching up on the program for building, maintenance and repair of services that had received inadequate attention during the war and the period immediately following. In addition, the federal government set aside 200 million marks for productive unemployment relief for that year. All of these sums were not used but, on the other hand, these figures do not include vast operations conducted by the states or localities nor their contributions toward enterprises conducted as productive unemployment relief. On the productive unemployment relief undertakings alone the number of unemployed given approximately full-time work averaged monthly about 52,000 in 1925; 129,000 in 1926; and 114,000 in 1927.

The limitations of productive unemployment relief lie in the costs. Public works are conservatively estimated to require four or five times as much money as it would take to pay benefits to as many persons as those set to work. When the cost of materials is high, the outlay is even greater. Whether the expenses of production are larger than they would be were the undertaking conducted at normal times or under private enterprises it is difficult to determine. The length of employment upon public works is limited and the ideal is to return the person to conditions of regular work as quickly as possible. Therefore a high labor turnover may be indicative of the success of the undertaking. Furthermore, today only about five per cent. of German workers are so employed. The number of persons and the types of labor useable are limited. One

hears today, among Germans who are responsible for aid to the unemployed, appreciation of the value, but also of the limitations of public works as a solution of unemployment. Such doubts were expressed by the English at least as early as the Report on the Poor Law of 1909.

The German law has, in the opinion of the writer, made distinct contribution to our thinking upon unemployment insurance. Their very appreciation of the extent of their problem and the statistical efforts fostered by the new administrative body for carrying out the terms of the law challenge our inadequacy in this respect. There is much that we might learn from their analyses of their data on unemployment. Their financial administration of insurance is important because it seeks to give relief from the worst evils of unemployment, for three per cent of the wages, and to grant it in such a way that it will be an incentive to work rather than to idleness. Finally, the unification of the placement service with unemployment insurance tends to enlarge the services of the employment exchanges at the same time that it gives a constructive method of enforcing the conditions of eligibility to insurance.



## **Employment Agency Abuses Are Prevalent**

(From Editorial in the *Philadelphia Public Ledger*.)

"Employment agency evils \* \* \* flourish more or less generally throughout the United States. If they seem at their worst in New York City, it is merely because New York is the largest city in the country and there is room in it for more crooked agencies than elsewhere. The methods of employment sharks are the same everywhere, and they all call for the same drastic remedies.

"In a majority of states there are laws governing employment agencies. Most of them undoubtedly operate in accordance with the law, but in virtually every city there are some that disregard it and are interested only in fleecing the unwary. Exorbitant fees, fake jobs and contracts that place the job seekers at the mercy of the agents for months and sometimes for years are common."



# No Basis for Belief in Technological Unemployment

By MAGNUS W. ALEXANDER

(With final note by Margaret D. Meyer)

THE article by Margaret D. Meyer under the title "What About Unemployment?" in the June issue of the *American Labor Legislation Review* challenges statements recently made by myself and the National Industrial Conference Board on employment and unemployment conditions, and refers to these statements in connection with what the author calls "active laissez faire propaganda on the part of certain interests, both political and industrial, designed to lull the country once more into a state of apathy." Because of the importance of the subject and the need of a more sensible and intelligent attitude toward the problem, I ask the courtesy of your pages to make reply to this article for the benefit of your readers.

In discussing unemployment I have not been interested in promoting the adoption of any special policy toward the problem, although I fully recognize the obligation on the part of industrial management, charitable organizations and the government to give earnest and thoughtful consideration to the adoption of proper means of meeting serious unemployment conditions when they arise. My only purpose has been to ask if there is any clear, incontrovertible evidence of general continuing unemployment in this country, and second, regardless of whether such evidence exists, to ask whether such unemployment can be proven to be due to the increased productive efficiency of industry.

I have said that **there is no evidence of continuing widespread unemployment in the United States during the past year.** There is no comprehensive statistical information regarding unemployment in this country. The available statistics relate mostly to manufacturing industries and railroad transportation, and the employment conditions in these industries have been different from those in other occupations, so that the decline in employment in the manufacturing industries and railroad transportation covered by the available statistics cannot be assumed to have taken place in all occupations. The author of the article in the *American Labor Legislation Review*, as well as other articles in the same issue, recognize the inadequacy of available information on unemployment and demand more effective public machinery for collecting statistics on this matter. **I thoroughly agree with the view of the American Association for Labor Legislation that better machinery for collection of comprehensive employment and unemployment statistics is needed because the available statistics are inadequate and inconclusive.**



For that reason I hold that assertions of extensive and serious unemployment in the United States in recent months have not been warranted by any positive knowledge of actual conditions.

If we confine our attention strictly to the indexes of employment in manufacturing industries, my statement that such employment has improved since the beginning of this year is verified by every such index available. In this statement I did not imply that the decline in employment in manufacturing industries, that has been going on in the years since 1920, had been in any material degree offset by the improvement which has taken place since the beginning of the year. My purpose was solely to emphasize the fact that **the marked decline in manufacturing employment during the last half of 1927, which decline precipitated the discussion of unemployment, was in part a reflection of seasonal influences and a fluctuation in business activity, and was not wholly ascribable to the release of labor from manufacturing employments as a result of improved production methods.**

Not only is it incorrect to regard the changes which have taken place in employment in the manufacturing industries covered by the available statistics as a measure of changes in total employment in the United States, but I believe it is erroneous to assert that general and permanent unemployment can result from improvements in productive efficiency in any occupational field. The belief, which is associated with the discussion of "technological unemployment," that the production of more goods and services with less human labor makes for idleness and poverty, is a fallacious and dangerous doctrine. It assumes that human wants and industrial methods must both remain fixed, and that social progress is impossible. What is still more surprising, on the part of people interested in social progress, is that this doctrine makes no distinction between the interests of the individual and the interests of society as a whole. When a manufacturer installs a machine which with one man will do the work formerly done by five, it does not follow that four workers are rendered permanently unemployed, for this replacement of labor by machinery is not an isolated event without relation to anything else in industry or trade. Savings which the machine represents yield income in so far as the machine is productive, and this income adds to the social purchasing power. The reduction in cost resulting from the use of the machine makes it possible for the manufacturer, in the case of most commodities and services, to extend the market, to add more machinery and employ more labor. The making of the machine itself adds to the employment of labor both in the production of the materials used and in the fabrication. The increase of production increases the demand for materials and the demand for labor in their production. The distribution and sale of the increased product of the machines requires the employment of clerks, salesmen, advertisers, copy writers, artists, printers, railroad workers and motor operators, coal and gasoline producers, and so on through an endless chain of occupations created or increased as a result of a single improvement in production technique.

If Miss Meyer will carefully study the influence of improved production methods in a single industry like the automobile industry, it will become

apparent how the demand for labor spreads itself in ever widening circles as a result of such improvement. Mr. Ford has estimated that it would require the labor of one hundred men for twenty days to produce a single Ford car without the use of the machinery and equipment and productive methods now employed by the Ford organization. How many men would be employed in producing automobiles, to say nothing of all of the other products and services associated with the automobile industry today, if it cost ten or twelve thousand dollars to make a Ford car?

The automobile industry is perhaps the most striking illustration of the fact that the decrease in production costs, and therefore in prices of product, through the use of improved methods increases the demand for the product and the purchasing power of the public for it, and thereby ultimately increases the employment offered by that industry and those associated with it. But, despite Miss Meyer's skepticism, the statistics showing the trend of prices and wages in the United States in recent years afford the most general and conclusive evidence of the fact that this process has accompanied the great technological advancement made in industry in the United States since the war. It is not the prices of products and services in themselves that are important in this connection. The important thing is the relation between prices and wages, which determines the purchasing power of the domestic market, for it is from this purchasing power that the demand for new goods and services or more of the old goods and services, and therefore for labor, ultimately proceeds. Whatever indexes of prices and wages are used, it is clear that the purchasing power of the working population in this country has shown a substantial increase since before the war, ranging from twenty-five to thirty-five per cent in amount. This means simply that the effective demand for goods and services of the average employed worker has increased by at least one-quarter since pre-war days. Such an increase is considerably greater than the increase in the working population itself and, even taking account of the increased productivity per worker, it would imply a substantial net increase in the demand for labor. Certainly, such an increase in consumer purchasing power could not have taken place if there existed any such widespread continuous unemployment as Miss Meyer and others allege. It is especially to be emphasized, moreover, that during the past year, when unemployment was supposed to be most acute and general, the purchasing power of factory wage earners reached the highest level on record compared with pre-war figures.

But even though the increase in wages made possible by technological improvement were left out of account in its effect upon social purchasing power and the demand for labor, my statement that the mechanization of industry tends to decrease prices—a statement which the author specifically challenges—still remains true if the figures are examined with proper understanding of the nature and significance of price statistics. In using an index of the cost of living as a measure of the influences of mechanization of industry upon prices, the author ignores the fact that between forty and fifty per cent of the family budget consists of food, the price of which has

been affected by altogether different considerations from those involved in the mechanization of manufacturing production. If the prices of goods and services produced by manufacturing similar industries are examined, either in the cost of living indexes or more strikingly in the wholesale price indexes of the Bureau of Labor Statistics, it will be seen that some manufactured products have recently been at or even below the pre-war price level, many of them not far above, and nearly all of them far below the level of foodstuffs and food products compared with pre-war prices. Moreover, during the years since 1922, a period in which unemployment due to technological improvement in manufacturing industries is supposed to have developed most strikingly, the prices of farm products have tended on the whole to rise while those of manufactured products have tended to fall. In fact, the decline in the general price level which has taken place since the middle of 1925 has been due chiefly to the fall in prices of manufactured goods.

I believe, therefore, that a careful study of the development of certain industries and of the trend of wages, prices and consumer purchasing power in the United States will convince not only that there is available **no accurate and comprehensive information regarding general unemployment conditions which would justify the hypothesis of any chronic progressive technological unemployment**, but that whatever the unemployment conditions may be, there is no ground for ascribing them to so vital and necessary an agency of industrial and social progress as technological advancement.



#### **Final Note from Margaret D. Meyer.**

That there is "no accurate and comprehensive information" for the contention that mechanization of industry has caused a general reduction of prices and therefore a reabsorption of displaced workers, was what I attempted to explain in my article.



# The Passing of the Jones Bill

BY OTTO T. MALLERY

(EDITOR'S NOTE: Remarks at the annual meeting of the American Association for Labor Legislation, Chicago, December 27, 1928.)

PRESIDENT-ELECT HOOVER'S message to the Conference of Governors, proposing a construction reserve to stabilize industry and employment makes doubly desirable the passage of the Jones bill, now before the United States Senate.

This bill (S.2475) would commit the federal government to the very policy Mr. Hoover has had in mind. It authorizes appropriations of \$150,000,000 for federal public works to be executed only when general construction falls off sharply below a certain volume.

The bill, therefore, does not require the government to spend more money on public works, but only more in bad times. This is sound economy because at these periods costs are usually lower.

To increase construction is not merely to employ more construction workers. Experience shows that about thirty days after an important construction enterprise starts, retail sales in a community begin to pick up. Next, the wholesalers feel the new purchasing power of the wages earned, and then the manufacturers in many lines. Finally, general business picks up, as evidenced by railroad car loadings, movement of raw materials and general employment.

Public construction is a lever big enough to lift the whole business machinery out of a hole and start it running on the broad highway again.

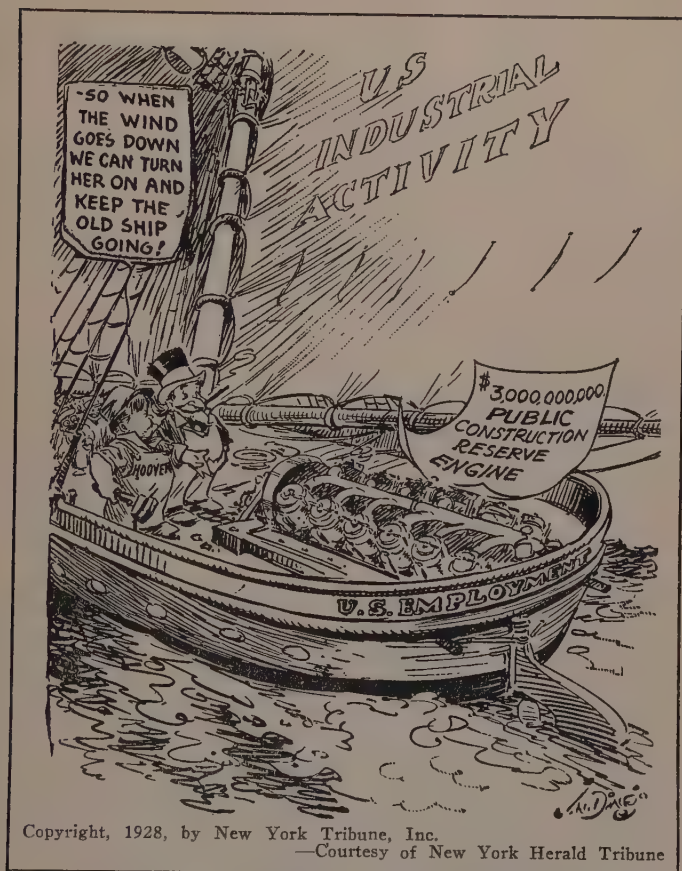
Moreover, when the federal government has set the example, it will be easier for governors and mayors to follow. The releasing of its reserve by the federal government would be a useful signal to local authorities to do the same.

A majority of the Senators are ready to vote for this bill, but a few have so far prevented its coming to a vote. It is desirable that it be passed at this short session so that the forty-odd state legislatures convening early in the year may have some definite plan of action to follow; two years will elapse before most of these



legislatures meet again. If a recession in business should occur, no important organized effort to lessen its effects will be available unless the Jones bill has been passed.

This bill would establish the foundation upon which President-elect Hoover can build whatever larger measures he contemplates.



Copyright, 1928, by New York Tribune, Inc.  
—Courtesy of New York Herald Tribune

### **The New Engineer Is Already at Work**

Another indication of popular acceptance of the report that Herbert Hoover is determined to have a three billion dollar reserve fund to preserve prosperity.

# Unemployment in Canada

BY TOM MOORE

*President, Trades and Labor Congress*

(EDITOR'S NOTE: This brief statement from the head of the Canadian labor movement brings out strikingly an international phase of unemployment as illustrated in the answer to the question: "What has happened to the 8,500 coal miners England sent to the Canadian wheat harvest in August, 1928?")

UNFORTUNATELY, unemployment is accepted today by most people as a normal condition of industrial life. They take for granted that it has always been and, therefore, must always be.

It is only in times of abnormal unemployment when numbers involved become so large as to menace the structure of the state that governments and public authorities become really interested in the problem. It is this very fact that makes dealing with the problem so difficult.

In 1914 and 1915 unemployment was so intense in Canada that the Provincial Government of Ontario appointed a commission to inquire into the matter; by the time their report was issued war activities had begun to absorb the unemployed and as a result no further action was taken by the Government. Again in 1923 unemployment throughout the country caused public alarm and the Federal Government voted money for relief, as did also the Provincial Governments.

Following the war several conferences and government investigations were held. During 1919 the Royal Commission on Industrial Relations set up by the Dominion Government, classified "unemployment" and "the fear of unemployment" as the greatest causes of industrial unrest. It recommended "a system of state social insurance for those who, through no fault of their own, are unable to work, whether the inability arises from lack of opportunity, sickness, invalidity or old age." This was again the subject of discussion by the National Industrial Conference, in September, 1919.

Since then another national conference has been held on the question of the provision of winter work in the building industry. On various occasions unemployment in some of its phases has been the subject of debate in Parliament. In addition, Manitoba and other Provincial Governments have held inquiries, but up to the present

time nothing really concrete has been put into effect as a result of these discussions.

It is only fair, however, to say that there has been a tendency to extend the building season much longer than formerly—attributable probably as much to changes in the methods of the industry itself as to any fixed plan to deal with it as part of the problem of unemployment.

During the recent session of Parliament a special committee again dealt with this matter and brought in a report favoring the principle of unemployment insurance but referring it to a conference with provincial authorities to see how far they would be willing to co-operate in carrying the cost.

Progress has been made towards the bringing of men and jobs together by the establishment throughout Canada of a public employment service with offices in 64 centres, administered by the respective provincial governments and co-ordinated nationally under a section of the Federal Department of Labor. This, of course, has not provided any new jobs but it has served to more equally distribute labor for such jobs as have been offered.

Unemployment is a local, national and international question and it interlocks with such matters as the tariff and migration. The attempt in August, 1928, to relieve unemployment in Great Britain by shipping some 8,500 unemployed workers to Canada to assist in gathering the western harvest is a case in point. Largely because of the effective protests of organized labor in Canada, conditions were insisted upon by the Dominion Government whereby these men who could not be placed in winter work on farms would be repatriated by the British Government. Already some 6,876 are officially reported as having returned to Great Britain. Of these, 4,557 have received either whole or part of their return fares from the British Government, the remainder paying their own return passage out of their earnings during the harvest period, rather than face the hardships of Canadian winter farm life at from \$5 to \$10 per month. In this way the aggravation of the Canadian unemployment problem, through the bringing of these men at a time when seasonal occupations were closing down, was considerably lessened.

The causes of unemployment are much the same in Canada as in the United States. The displacement of labor by machinery faster

than the absorption of workers by expansion of new industries is one of the troublesome causes.

The practically open-door policy of immigration existent in Canada also adds to our problem. Under the so-called "assured employment plan", employers are free to import labor practically without restrictions and without giving due consideration as to whether the labor is already obtainable within the country.

Many suggestions have been put forward by the organized workers of Canada towards the elimination of the problem of unemployment: the establishment of unemployment insurance; the training and placing on the land of industrial workers willing to undertake farm life; restriction of immigration to those who the public employment service certify can be absorbed in occupations without displacing labor already in Canada; and the encouragement of the payment of wages which will assure an increasing purchasing power on the part of the workers so as to more nearly absorb the increased production by machinery.

It is held by organized labor that individuals are no longer masters of their own destiny. With the growth of our vast industrial system and the development of costly machinery the right to work is dependent upon the good will or ability of others to provide employment opportunities. For this reason it is unjust to put the whole burden and responsibility upon the shoulders of the workers. Employers and governments must assume their proper share if the problem of unemployment is to be dealt with in an orderly manner.



"In help against the misery in the great field of seasonal and other unemployment we indeed need an expansion and better organization of our local and federal labor exchanges. We have a vast amount of industry, seasonal in character, which must shift its labor complement to other industries. The individual worker is helpless to find the contacts necessary to make this shift unless the machinery for this purpose is provided for him.—*Herbert Hoover, in his presidential address before the Federated American Engineering Societies, at Washington, November 19, 1920.*



## Again Four Mine Explosions!

**F**OUR more "major" coal mine explosions, killing a total of 26 miners, occurred from November 30 to January 26, following those recorded in the December issue of this *Review*.

At Roderfield, **West Virginia**, on November 30, an explosion took six lives at Mine No. 1 of the Princess-Pocahontas Coal Corporation.

An explosion at Drakesboro, **Kentucky**, December 18, also killed six men, at Mine No. 2 of the Black Diamond Coal Company.

At Kingston, **West Virginia**, January 26, an explosion took fourteen lives. The Associated Press reported, "The mine extends a mile and a half under the mountain and the rescue crews entered through two openings, one on each side of the mountain. The blast, which was heard a mile away, came from the pit mouth with such force that it knocked over one small building and damaged others."

### West Virginia the Worst Offender

It is obvious that West Virginia continues to be at the forefront in permitting the continuance of mine hazards. Her chief mine inspector appears "the hero of the hour" at the annual conventions of the Mine Inspectors Institute, since he so often comes to the meeting direct from a spectacular and heroic effort to rescue West Virginia miners following a tragic coal mine catastrophe. Periodically, it is announced by state officials in West Virginia—**after** each great catastrophe has taken its needless toll of human lives—that now it is clear that the rock dusting safeguard must be made compulsory. The Governor and the Chief Mine Inspector know the frightful menace of coal dust explosions. The West Virginia legislature is now in session. It will be especially gratifying to report the adoption of compulsory rock dusting legislation in West Virginia—when such desirable action is taken.

### "Reprehensible Ignorance and Inertia"

One of the leading newspapers of West Virginia, the *Wheeling Intelligencer*, recently commented editorially following a coroner's jury statement that the cause of the Spice Creek mine explosion was the "negligence and carelessness of the operating officials." Said this fearless editor:

"It is such reprehensible ignorance and inertia as this that sometimes causes West Virginia to be held up to national ridicule, and properly so. The death or incapacitation of hundreds of miners annually, the destitution thus brought to their women and children, **AT LEAST NINE-TENTHS OF WHICH COULD EASILY AND INEXPENSIVELY BE PREVENTED**, is a shame that cannot be exaggerated. Governor-elect Conley and the new legislature can perform no more humane service to the people of West Virginia, or meet a more urgent duty, than by modernizing the mine safety laws in such a way that the Federal standards will be enforced, and that punishment for the violation of this law will be as certain and severe as is the punishment for taking of human life, or destroying human limb, in any other way."



### **Rock Dusting Must Be Done Thoroughly**

**P**ROGRESS of recent months in the rock dusting of mines to prevent the great catastrophes due to coal dust explosions has been chiefly in the **more complete rock dusting** of the mines that are at present using rock dust. This is a desirable development, and one that was dramatically indicated by the Mather mine disaster which we took for our text in discussing the need of thorough rock dusting, in the December issue of this *Review*.

"A single application of rock dust," rightly states the January issue of *Coal Age*, "is only a temporary protection. \* \* \* Dust explosions are a hurtful and needless stigma against the industry. **The elimination of this hazard is one of the most easily paid debts which the coal industry owes to itself. The debt should be discharged.**"



## Roll of Honor of Coal Companies Using Rock Dust to Prevent Coal Dust Explosions

**"T**HE rock-dusting method of preventing coal dust explosions has now been accepted in principle by all of the chief coal-mining countries throughout the world. It was recommended after exhaustive testing in the Bureau of Mines experimental mine in 1913. The method was officially approved by France about 1917. It was officially required by Great Britain in 1921, and in Germany in 1926." (United States Department of Commerce.)

But when in December, 1922, after calling attention to the increasing toll of lives in coal mine disasters, the American Association for Labor Legislation opened its present campaign for the adoption of preventive measures, it was able to secure from federal and state official sources the names of only three coal companies in the United States and Canada that were using rock dust to prevent coal dust explosions.

As the campaign has progressed during the past six years, the Association has been informed of the installation of rock-dusting methods by at least 308 additional companies. Such companies should be commended for taking the lead in the adoption of this simple, reasonably inexpensive and effective safeguard against disasters.

The full list of coal companies that have equipped one or more of their mines with the rock dust safeguard, or have begun to install it, appears in this REVIEW, for December, 1928, pp. 424-427. Additions to the list, as of February 1, 1929, are as follows:

**INDIANA**—Francisco Mining Co.

**OKLAHOMA**—Hailey-Ola Coal Co.; M. K. & T. Coal Co.; Tahona Smokeless Coal Company; Osage Coal and Mining Co.; Pittsburg County Coal Co.; Richards-Thompson Coal Co.; Southern Fuel Company.

**PENNSYLVANIA**—Harwick Coal and Coke Co.; Rochester and Pittsburgh Coal Co.; Mather Collieries; Pennsylvania Salt Manufacturing Co.

**VIRGINIA**—Pocahontas Coal Corporation.

**WEST VIRGINIA**—MacAlpin Coal Co.; Scotia Coal and Coke Co.



"I am proud that we of this state \* \* \* have come to know that we, as individuals, in our turn must give our time and our intelligence to help those who have helped us. To secure more of life's pleasures for the farmer; to guard the toilers in the factories and to insure them a fair wage and protection from the dangers of their trades; to compensate them by adequate insurance for injuries received while working for us, to open the doors of knowledge to their children more widely, to aid those who are crippled and ill, to pursue with strict justice all evil persons who prey upon their fellow men, and at the same time, by intelligent and helpful sympathy, to lead wrongdoers into right paths."—*Governor Roosevelt.*

# Hoover's Director of Mines Talks Plainly on Rock Dusting

## Scott Turner States the Case

**"THE** outstanding feature of the coal-mining industry in the United States in 1928, from the standpoint of accident prevention," writes Scott Turner, director of the United States Bureau of Mines in the Department of Commerce, "was a reduction of about twenty-eight million tons in the year's output of coal without a proportionate decrease in the number of deaths from accidents in the mines. \* \* \* If further evidence were needed to prove that all bituminous coal mines should be thoroughly rock-dusted to prevent or restrict explosions of gas or coal dust, that evidence is furnished by the accident record of the past year."

**"Deaths from major explosions in bituminous coal mines are particularly regrettable because many of them might easily be prevented.** They are likely to continue, however, until all operating companies become convinced that every bituminous coal mine producing coal on a commercial scale should be thoroughly rock dusted. Unfortunately, all producing companies are not yet convinced of this necessity, and the industry, as such, must therefore continue to be identified in the public mind with great catastrophes involving heavy loss of life, the miners' families must continue to expect such visitations of grief and deprivation, and the producer and consumer of coal must continue to pay the cost which such disasters entail."—(Extracts from article in *Coal Age*, January, 1929.)

570

"It is a proof of genius that a political structure designed for a small, homogeneous, pastoral people could be stretched to serve a highly industrialized, heterogeneous nation, spread over vast spaces in a proximity that could not have been imagined by James Madison and Thomas Jefferson. But the genius belongs to the framers. Their successors have shown none. They have neither expanded the original plan nor invented anything to adapt the great charter of 1787 to conditions impossible to contemplate when it was written."—Anne McCormick, in *The New York Times*.



# Report of Work 1928

## American Association for Labor Legislation

OUTSTANDING in 1928 among legislative accomplishments, was the passage on May 14—after eight years of effort—of the federal law providing accident compensation for private employees in the District of Columbia. The provisions of this measure are identical with those of the well considered federal Longshoremen's Accident Compensation Act secured the previous year. It is administered by the United States Employees' Compensation Commission, in conjunction with the longshoremen's act and the federal employees' act, obtained in 1916. This federal Commission, losing a valuable member by the untimely death of Charles H. Verrill in January of this year, is growing in importance and the Association must be in constant touch with its activities.

Dark spots still remain on the compensation map—Arkansas, Florida, Mississippi and North and South Carolina. To the failure of these five states to adopt modern methods for compensating industrial accidents our Association has directed nationwide attention. Through personal visits, letters, circulars, newspaper publicity and magazine articles an intensive campaign in the states themselves has been waged, and well-considered efforts to obtain accident compensation laws will probably succeed in at least two of them in 1929.

Substantial advances in liberalizing existing state compensation laws also were made in line with the provisions urged in the Association's pamphlet "Standards for Workmen's Compensation Acts," of which many thousands of copies are being distributed.

Our continued study of occupational diseases has again emphasized the injustice of covering in the compensation law only a limited list of injurious substances and diseases. This has been dramatically illustrated by the "radium cases" of New Jersey and the study in New York of a large number of rock drillers suffering from "silicosis." Our Association continually emphasizes that new poisons and injurious substances, as well as new uses of well-known harmful substances, are constantly appearing—and it is highly important that compensation laws be extended to include *all* occupational diseases.

Intelligent interest in the subject of old-age pension laws has been growing. An important contribution was the investigation, arranged by the Association for Labor Legislation in cooperation with the Fraternal Order of Eagles and conducted by the Welfare Council of New York City, into the number and condition of aged dependents in the city outside of institutions. The "Standard Bill" for old-age pensions drafted in 1922 by a committee of representatives from interested organizations brought together by our Association and reprinted again in our December REVIEW, has been in great demand. Our special leaflet on pensions for the non-institutional poor has been widely circulated in all states.

Fifteen new companies joined the list of those adopting rock-dusting as a method of preventing explosions in bituminous coal mines, making a total of 311 companies that have installed this safeguard since the beginning of our

campaign. Our "Standard Bill" for rock-dusting is again reprinted in our December REVIEW and distributed in advance of 1929, when most of the legislative sessions in the bituminous states are convening. Publication of leaflets and articles on this subject continues, as well as representation, through the Association's secretary, on mine safety committees of the American Engineering Standards Committee.

With the reappearance of widespread unemployment, the Association's "Standard Recommendations" pamphlet was again in great demand. Twelve thousand copies were distributed, as well as thousands of copies of special articles. The Association's secretary was called upon to organize the public hearing in Washington, April 12, on the Jones "prosperity reserve" bill for long range planning of public works, and the United States Senate Committee on Commerce reported the measure favorably by unanimous vote.

Widespread abuses by commercial fee-charging employment agencies, common to most states, were revealed by the New York Industrial Survey Commission, before which the Association's secretary testified in September. Earlier, on May 28, the U. S. Supreme Court, in the New Jersey case of Ribnik vs. McBride, denied the state's right to limit fees charged by commercial agencies. This necessitated developing a new method of control. Following a conference at our headquarters, New Jersey turned immediately to the method used successfully in Wisconsin for many years, which requires a new private employment agency to show, among other things, a public need for its establishment before a license is granted. Ten thousand copies of our special pamphlet entitled "Fee-Charging Employment Agencies" were distributed to individuals, organizations, legislators and public officials.

During the year much time and effort have been given to the Association's study of labor law administration, upon which a full report will be made later.

The Association has continued throughout the year its constant work of investigation, cooperation and education, involving a great amount of detailed work vital to the enactment of satisfactory legislation and its effective enforcement. We perform a service which safeguards the legitimate interests of employees, employers, and the general public. Our measures are drafted solely from the public welfare viewpoint. Members this year numbered 3141, and their sustained cooperation produced continued progress. A record of twenty-two years of service with constantly increasing demands for assistance justifies additional support from all members and friends.

JOHN B. ANDREWS, *Secretary*.

## Annual Business Meeting

---

THE twenty-second annual business meeting of the American Association for Labor Legislation was held at The Stevens Hotel, Chicago, Illinois, December 28, 1928. In the unavoidable absence of the President, Sam A. Lewisohn, one of the members of the General Advisory Committee, Miss Mary Van Kleeck, was selected to preside.

Minutes of the preceding meeting were approved, as published in the AMERICAN LABOR LEGISLATION REVIEW for March, 1928, pp. 119-124.

Report of Work for 1928 was made by the secretary, John B. Andrews, and adopted for printing (see page 119). The treasurer, Otto T. Mallery, read the Financial Statement, which was referred to the chartered public accountants (see page 123).

For the Committee on Nominations, David A. McCabe reported a list of proposed officers and members of the General Administrative Council, who were elected. The general officers and vice-presidents who served in 1928 were re-elected except for the following change: Thomas I. Parkinson was elected President and Sam A. Lewisohn was elected a member of the Executive Committee.

Resolutions were introduced and, after discussion, were adopted as follows:

### Resolution on "Prosperity Reserve"

WHEREAS, The American Association for Labor Legislation has long favored the policy of long range planning of public works as an aid in mitigating the evils of unemployment, and

WHEREAS, There has been introduced in the United States Senate by Mr. Jones, with the aid of the Association's Committee on Public Works, a bill (S. 2475) to create "a prosperity reserve and to stabilize industry and employment by the expansion of public works during periods of unemployment and industrial depression," therefore

*Be It Resolved*, That the Association continue to urge the adoption of this preliminary legislation and further urge that the Government plan public works so as to expand them during slack times of employment and to con-

tract them when active industry is competing for the same men and materials.

### **Resolution on Administrative Orders Having the Effect of Labor Law**

WHEREAS, Since 1911 a number of leading industrial states have, through their industrial commissions and labor departments, issued administrative orders having the effect of law, and

WHEREAS, In addition to the statute law for the protection of labor there has thus grown up in America a great body of legal regulations in the form of administrative orders which have never been assembled, analyzed, summarized or indexed, thus leaving students of labor legislation largely in the dark as to what compulsory regulations actually do exist in the field of labor legislation, therefore

*Be It Resolved*, That the American Association for Labor Legislation endeavor to have provision made for an adequate report upon such administrative orders, with a practical plan for an annual summary and index of such regulations.

### **Resolution on Non-Compensation Area**

WHEREAS, Arkansas, Florida, Mississippi, South Carolina and North Carolina have not as yet enacted workmen's compensation legislation, and

WHEREAS, This principle has been adopted in forty-three states and two territories as well as in Porto Rico and in the Philippines, and Congress has provided this protection for civilian employees of the Government, for private employees in the District of Columbia, and for longshoremen and other harbor workers when at work on navigable waters, and

WHEREAS, Workmen's compensation has come to be regarded as for the best interests of employers, employees and the community, therefore

*Be It Resolved*, That the American Association for Labor Legislation as a result of its long study of this subject, urges that reasonable and adequate workmen's compensation laws be enacted at the earliest possible date in Arkansas, Florida, Mississippi, South Carolina and North Carolina.

On motion of Dr. Alice Hamilton, Harvard University, member General Advisory Council of the Association, it was voted to follow up its work on occupational diseases by urging proper provision through the United States Public Health Service for the study of new health hazards in industry with a view to earlier determination of the effects of industrial poisons and processes upon the health of employees.

JOHN B. ANDREWS, *Secretary*.



# FINANCIAL STATEMENT

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 1928

Balance, January 1, 1928, per cash book..... \$10,600.06

### Receipts:

|                                        |             |                  |
|----------------------------------------|-------------|------------------|
| Members' dues and contributions.....   | \$53,071.88 |                  |
| Sale of literature .....               | 1,121.17    |                  |
| Interest on bank balance.....          | 569.59      |                  |
| Interest on Margaret Peabody Fund..... | 240.00      |                  |
|                                        |             | <u>55,002.64</u> |
|                                        |             | \$65,602.70      |

### Disbursements:

#### Salaries:

|                                             |             |
|---------------------------------------------|-------------|
| Administrative, editorial and research..... | \$25,479.72 |
| Stenographic and clerical.....              | 6,076.75    |

#### Printing and engraving:

|                                                |          |
|------------------------------------------------|----------|
| A. A. L. L. review, reports and bulletins..... | 4,837.45 |
| Circulars, enclosures, etc.....                | 1,704.01 |
| Pamphlets .....                                | 794.00   |

Postage ..... 2,034.99

Stationery and office supplies..... 1,249.89

Traveling expense ..... 1,828.33

Telephone and telegraph..... 449.89

Rent and light ..... 2,136.00

Books, clippings, etc..... 304.51

Office expense ..... 581.06

Committee and conference expense..... 246.44

International Association for Social Progress dues. 96.80

Insurance ..... 27.66

Special investigations ..... 350.00

Miscellaneous, including legislative index service,  
annual meeting expense, etc..... 370.23

\$48,567.73

Balance, per cash book, December 31, 1928..... \$17,034.97

### ADMINISTRATION STUDY FUND

|                     |             |
|---------------------|-------------|
| Receipts .....      | \$12,500.00 |
| Disbursements ..... | 5,695.23    |

Balance, per cash book, December 31, 1928..... \$6,804.77

We have examined the records of cash receipts and disbursements of the American Association for Labor Legislation for the year ending December 31, 1928, and we certify that the above statement is a correct summary of the transactions for the period as shown by the cash book. No independent verification of the cash receipts was made, other than interest received from securities owned and from bank deposits, but we ascertained that all receipts applicable to 1928, recorded in the cash book were deposited with banks to the credit of the Association, and that all disbursements of cash were supported by approved and receipted vouchers. The cash in bank at December 31, 1928, was verified by obtaining certificates from the bank.

PRICE WATERHOUSE & Co.,  
Chartered Accountants.

## International Labor Legislation

The **Twelfth Ordinary Session of the Official International Labor Conference** will open in Geneva on May 30, 1929. The two main subjects on the agenda are prevention of industrial accidents and protection of workers engaged in loading and unloading ships. Reports on these questions are being prepared to the end that Draft Conventions for submission by the International Labor Office to each member country may be adopted. The program also includes a general report on unemployment.

The entire question of maritime labor will be considered at the Thirteenth International Labor Conference, at Geneva, in October, 1929.

---

MR. ALBERT THOMAS, Director of the Official International Labor Office, visited the Far East last fall.

---

For the relief of approximately 20,464 unemployed persons in Oslo, Norway, during the coming winter, 2,220,000 kronen has been appropriated. Nearly six-sevenths of this amount will be expended for the relief of those who have dependents, while the remainder will be distributed among workers who have no families.

---

The Mining Association of India has urged the Government to enact legislation excluding female labor from underground mine work.

---

PROVISION has been made in Spain for a study of **unemployment insurance**, to be financed by various trade unions and the state.

---

On July 22, 1928, Venezuela enacted her first general labor law, making it applicable to industrial and mercantile establishments and to agriculture. Work on Sundays or holidays, the employment of children between the ages of fourteen and eighteen for more than six hours a day or at occupations dangerous to life or health, employment of women and boys under eighteen between 6 P. M. and 6 A. M. or at work likely to be morally harmful and employment of women in the interior of mines, are forbidden. A maximum day of nine hours is

provided for. For the first time in Venezuela the employment of children under fourteen in industrial establishments is entirely prohibited.

---

RECENT building catastrophes lend added strength to the attempt of French building-workers and metal workers to have their representatives included in the **factory inspectorate**, an end already attained by the miners. To prevent the public safety from being endangered by irresponsible contractors who use bad materials and questionable technical methods the worker-inspector, in addition to protecting the workers and seeing that work-places are hygienic, would be required to examine the quality of the materials used and the building methods in vogue.

---

The Supreme Court of Canada recently declared illegal the regulations under the Male Minimum Wage Act of British Columbia, enacted in 1927. To date, the lumber and catering industries are the only industries to which the provisions of the act have been applied.

---

"As it was the British government representatives who exercised the most influence in the framing of the terms of the **Washington Eight-Hours Convention**, and as various changes in the text were made expressly to please them, a British Government which wishes to amend this text is morally bound to explain its reasons for desiring to do so. Instead of declaring on every possible occasion that the convention is of no use, it would be to the advantage of the eight hours day principle and to the credit of the champions of revision if ministers were to explain **why** it is of no use. So long as this is not done, we have every right to assume that the designs which are so carefully hidden are dark designs, hostile to the principle of the eight hours' day."—*International Federation of Trade Unions*.

---

HOLLAND has ratified the International Convention concerning **workmen's compensation for occupational diseases**, and is the fourteenth country to do so.

---

BECAUSE of "the general lack of information in America regarding the impressive achievements of the **International Labor Office** of the League of Nations" the Federal Council of Churches has published a six-page pamphlet on the work of the International Labor Office. The publication deals with the history, constitution and research of this official office at Geneva and the progress in international legislation and ratification of labor treaties.



## Book Reviews and Notes

**An American Business Adventure.** BY MARK H. DIX. *New York, Harpers, 1928. 181 pp.*—Sympathetic account by his son of the rise of Henry A. Dix and how he turned over the business of making better wrappers for working women to a group of his co-workers. This "just one big family" business was described in this Review for June, 1924, in an article by Jean Flexner.

**Living with the Law.** BY JUNE PURCELL GUILD. *New York, New Republic, 1928. 266 pp.*—Too broad a field to cover so briefly without being generally superficial and sometimes inaccurate. "Some knowledge of law is indispensable. To give this information in simple form to teachers, social and civic workers, and whoever cares to know something about the law is the purpose of this book." Labor legislation, including social insurance, is treated in less than three thousand words. The effort as a whole should be interesting and helpful to general readers.

**The Challenge of the Aged.** BY ABRAHAM EPSTEIN. *New York, Macy-Masius, 1928. 435 pp.*—The latest American book on old age dependency. Includes chapters on nature and extent of old age dependency and cost of pensions.

**"The Terrible Siren,"** Victoria Woodhull, (1838-1927). BY EMANIE SACHS. *New York, Harpers, 1928. 423 pp.*—Beautiful and brilliant Victoria Woodhull, born in Ohio of "poor but dishonest parents," flashed across the stage of American social reform at a time when being a reformer, especially if a woman, was distinctly unpopular. Her appearances at national labor conventions, as at meetings of the Equal Rights Party which nominated her for President of the United States, were in part at least an endeavor to get an audience for her radical propaganda. She knew how to dramatise, and her wonderfully attractive personality, in her prime, carried audiences by storm. She influenced intellectuals of such diverse natures as Henry Ward Beecher, "the great Brooklyn preacher," and Benjamin R. Tucker, the philosophical anarchist. Incidentally, Susan B. Anthony and Elizabeth Cady Stanton were not above using her talents in the suffrage cause. It is hardly fair to stress overly much, as the author does in closing chapters, Victoria's failing power and diminished radical tendencies when, with increasing age and an illness that was long neglected on account of lack of funds for a needed surgical operation, she went to England, married a wealthy banker who was an honor man from Oxford, president of the London Athletic



Club and of the Royal Statistical Society. In her later years she contributed to the erection of the Lincoln statue in Westminster and conducted efficiently a model country estate until she died, in 1927, at the age of ninety. The book contains a number of historical inaccuracies which might easily have been checked, but as a biographical sketch in the modern manner it is an interesting narrative supremely embellished by a self-confession contributed by Benjamin R. Tucker who has himself, during advanced years, preferred to live quietly abroad.

**Wage Rates, Earnings and Fluctuation of Employment: Ohio, 1914-1926 (inclusive).** *Toledo, Information Bureau on Women's Work, 1928. 140 pp.*—According to this carefully prepared report, average annual earnings for the total group of wage earners in 1926 was \$718.76—a wage too low to maintain the average Ohio worker on the minimum subsistence levels. One of the most striking facts described in connection with fluctuation of employment is the depression in 1921—"so serious as to linger in the memory of all those who come close to its victims, in any way, and so serious, we may hope, as to result in further impetus not only to analysis of the causes of business cycles, but to the actual adoption of remedies suggested."

**America—Nation or Confusion.** BY EDWARD R. LEWIS. *New York, Harper and Brothers, 1928. 408 pp.*—A plea for the preservation of our national unity. In answer to the argument that immigration is necessary for Amercian industry, Mr. Lewis proposes that "we make the most of the labor supply already here."

**Wage Arbitration: Selected Cases, 1920-1924.** By GEORGE SOULE. *New York, The Macmillan Company, 1928. 294 pp.*—Significant wage arbitrations between unions and employers during the period of postwar prosperity and the subsequent period of depression and recovery are presented by industrial groups, to show "the development of wage adjustment in a particular industry, over a particular period and under the circumstances that bear upon it." Detailed summaries of employers', unions' and arbitrators' arguments throw light upon questions that arise in wage arbitration, making this book of value to those interested in general economic theory and in the more practical aspects of collective bargaining.

**Funeral Costs.** By JOHN C. GEBHART. *New York, G. P. Putnam's Sons, 1928. 319 pp.*—This enlightening discussion of a subject which has been heretofore cloaked in secrecy includes a timely statement on burial costs under workmen's compensation laws. This problem is considerably clarified by a careful appraisal of current funeral costs and an excellent analysis of the economics of the burial industry.

**State Insurance In The United States.** By DAVID McCAHAN. *Philadelphia, University of Pennsylvania Press, 1929. 290 pp.*—The author was formerly assistant manager, insurance department, Chamber of Commerce of the United States, vigorously fighting the development of state insurance. Before the Harding administration was disgraced by the super-activity of the oil business in determining governmental action, the Chamber industriously

gave wide circulation to the slogan "More business in government and less government in business." McCahan's insurance department aided the lobby of the insurance interests and appeared with it at legislative hearings in vigorous opposition to state compensation funds. McCahan himself has since dropped into the Wharton School of Finance and Commerce, University of Pennsylvania, and the University of Pennsylvania Press publishes and advertises his book as an "impartial survey." The commercial insurance press likewise gleefully hails it in headlines "New Book Treats State Insurance Impartially." The author, in his preface, gives "grateful recognition" to F. Robertson Jones, leading American private insurance lobbyist against state insurance who "read the manuscript and aided the author with suggestions and kindly criticisms." In collecting his material McCahan visited 37 states, travelling nearly 20,000 miles—whether as college instructor or while in the pay of the Chamber of Commerce is not stated. Had McCahan arranged his material more effectively he might with considerable justification have called his effort "The Case Against State Insurance."

**The Social Worker.** By LOUISE C. ODENCRANTZ. *New York, Harper's, 1929. 374 pp.*—The method of job analysis as used in industry, adapted to a study of positions in social work. Three fields—family, medical, and psychiatric social work—are covered. "What does the social worker do? How does he work? Under what conditions does he work? What is his vacation allowance and compensation? What does he bring in personality, knowledge, skill, education, training?" Miss Odencrantz tells you.

## Coming Conferences

**National Women's Trade Union League:** Washington, D. C., May 6-11.

**Mine Inspectors Institute of America:** Knoxville, Tennessee, May 7-9.

**Official International Labor Conference:** Geneva, Switzerland, May 30.

**National Conference of Social Work:** San Francisco, California, June 26—July 3.

**International Association of Industrial Accident Boards and Commissions:** Niagara Falls, New York, August 19-22.

**International Association of Public Employment Services:** Philadelphia, Pennsylvania, September 24-27.

**National Safety Council:** Chicago, Illinois, September 30—October 4.

**American Public Health Association:** Minneapolis, Minnesota, September 30—October 5.

**American Federation of Labor:** Toronto, Canada, October 14.